

## **Digital Transformation and Culinary MSME Performance: The Mediation Role of Competitive Advantage**

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### **ABSTRACT**

This study aims to analyze the influence of digital transformation on the performance of culinary MSMEs in West Jakarta and to examine the role of competitive advantage as a mediating variable. The research background highlights the increasing adoption of digital technology among MSMEs, although not all business owners experience optimal performance improvements. The study is grounded in the Resource-Based View (RBV) theory, which emphasizes that sustainable competitive advantage can be achieved through the effective utilization of valuable resources such as digital technology. A quantitative approach was applied using a cross-sectional survey design. Data were collected through questionnaires distributed to 160 culinary MSME owners who have implemented digital technologies. The data were analyzed using Partial Least Squares– Structural Equation Modelling (PLS-SEM). The results indicate that digital transformation has a positive and significant effect on MSME performance. Digital transformation also enhances competitive advantage, thereby positively impacting business performance. Moreover, competitive advantage plays a significant mediating role in the relationship between digital transformation and business performance. These findings underscore that the adoption of digital technology must be accompanied by strategies that create added value and differentiation in order to achieve optimal performance outcomes. In practice, this research provides recommendations for MSMEs to strengthen digital competencies and product differentiation, and encourages policymakers to expand digital assistance programs to support MSME development.

**Keywords:** Digital Transformation, Competitive Advantage, Business Performance.

## INTRODUCTION

The Micro, Small and Medium Enterprises (MSMEs) sector holds a crucial role as the main pillar of the Indonesian economy, it is proven from its significant contribution to the growth economy. According to data from the Ministry of Cooperatives and SMEs, in 2024, the number of MSMEs in Indonesia will reach 65 million with a contribution to Product Gross Domestic Product (GDP) recorded exceeding 61%, as well as the sector's capability to absorb more of 97% of total national power (Ministry of Finance, 2024). Among the existing MSME sectors, the culinary sector is one of the driving sectors. To keep growing, along with an increasingly affluent society, rising middle-class income, and changing lifestyles, which make the public more inclined to choose practical solutions rather than cooking alone (BPS, 2024). The growth of the significant culinary sector in Indonesia in recent years has also been marked by the mushrooming of restaurants, cafes, and food stalls, as well as the rise of street food businesses in various areas, along with increasing public enthusiasm for culinary diversity and for trying new foods (Halim, 2023). Based on the results of the Food and Beverage Supply Company/Business Survey for 2024, the number of businesses in the culinary industry in Indonesia in 2023 was 4.85 million (BPS, 2024).

This is also starting to feel in Jakarta, including West Jakarta, which is one of the centers of growth for culinary MSMEs. At the end of 2023, the number of MSMEs in West Jakarta will have reached 48,201, with more than 70% engaged in the field of culinary (Nurhaliza, 2023). The height of perpetrator business in the culinary industry also makes competition tighter, so that demand for perpetrator business continues to adapt to changing consumer trends. One of the most prominent adaptations in recent years is the utilization of digital technology. Digital transformation is a solution for maintaining business continuity and for changing strategies in running businesses (Li, 2020). The DKI Jakarta Provincial Government, through the publication "Jakarta Edition 4/2024," reported that the use of digital technology by MSMEs is not limited to online marketing but also extends to digital financial recording, data management, and the use of applications to enhance operational convenience (Jakpreneur, 2024). Many culinary businesses in West Jakarta are now actively using social media for promotions, joining delivery services such as GoFood, GrabFood, or ShopeeFood, and providing QRIS-based digital payment methods to attract customers. This shows that digital transformation has become a significant trend in the business strategies of culinary MSMEs, especially in urban areas with rapidly evolving market dynamics such as West Jakarta. The use of social media is also an aspect of digitalization that significantly improves business performance, especially for MSMEs (Yulisa et al., 2021). The digital era has given birth to various technological innovations that enable businesses to operate more efficiently, reach wider markets, and improve customer service (Widya Astuti et al., 2023). Although digital transformation is increasingly adopted by culinary MSMEs, not all businesses are experiencing improved performance (Susanti et al., 2023). Business performance can be assessed by a company's ability to achieve sales growth, expand markets, increase profitability, and maintain business continuity (Simanjuntak, 2022). Business performance is also seen as a key indicator of the success of culinary MSMEs and a crucial element in understanding the factors that influence it (Eunike & Utama, 2021). With the increasingly competitive culinary market in West Jakarta, relying solely on digitalization without creating unique added value is insufficient to guarantee improved business performance. Culinary products are relatively easy to imitate, whether in terms of menu, taste, or business concept, so innovations often quickly lose their edge. This means that the presence of MSMEs on social media or delivery platforms does not necessarily guarantee increased turnover or business sustainability. Obstacles to digital transformation in MSMEs often lie in a limited understanding of strategy and weak product differentiation (Hariyanti & Desi Kristanti, 2024).

In this context, competitive advantage is a crucial factor in determining the sustainability of culinary MSMEs. Competitiveness plays a crucial role in improving business performance.

MSMEs that are able to differentiate (product innovation, unique services, and cost efficiency) will more easily achieve high performance than those that rely solely on technology adoption (Kiyabo & Isaga, 2020). Factors such as product quality, responsive service, menu innovation, and competitive pricing strategies are crucial elements that must be developed alongside the adoption of digital technology (Tria Wahyuningtihas et al., 2021). The success of the digital transformation of culinary MSMEs depends heavily on business actors' ability to integrate product innovation with online marketing strategies to create a competitive advantage (Maulana, 2024). However, many perpetrator businesses that are not yet optimally utilizing their superiority compete to maintain or increase their performance (Aswar et al., 2025).

The connection between digital transformation and the performance of MSMEs has been widely reviewed, but there is still a *research gap* that has not delved into the role of superiority as a mediating factor. For example, a study in East Java highlighted the influence of *e-commerce* and innovative capabilities on the performance of MSMEs, but it has not yet discussed in depth the superior competitive advantage (Wijaya et al., 2025). On the contrary, findings indicate that digital transformation can increase competitive superiority but cannot improve MSME performance in general (Susanti et al., 2023). Based on the description above, the study, which is a specific test of the connection between digital transformation towards MSME performance mediated by excellence, is still very limited, especially in the context of culinary MSMEs in developing countries such as Indonesia, especially in West Jakarta (Sagala & Óri, 2024; Susanti et al., 2023). Thus, the title of this study is "Digital transformation and the performance of culinary MSMEs: the mediating role of competitive advantage."

Based on the background of the problem described above, the following problems can be identified: although digital transformation is increasingly adopted by culinary MSMEs, not all actors experience an increase in business performance., The presence of MSMEs on social media or delivery platforms does not automatically guarantee increased turnover or business sustainability., obstacles to digital transformation in MSMEs often lie in limited strategic understanding and weak product differentiation and many business actors have not optimally used these competitive advantages to maintain or improve their business performance.

## **THEORETICAL REVIEW**

*The Resource-Based View (RBV)* theory explains that competitive advantage arises from a company's ability to manage internal resources that are valuable, rare, difficult to imitate, and non-substitutable (VRIN) (Barney, 1991). This view emphasizes that assets such as knowledge, technology, skills, and operational processes are strategic factors that determine company performance when utilized effectively (Wulandari & Herawati, 2023).

### **Digital Transformation**

The process of integrating digital technology into an organization's core activities, driving changes in business models, operations, and customer interactions (Vial, 2019). This concept relates not only to technology adoption but also to strategic capabilities to leverage big data, the cloud, mobile devices, and social media to improve efficiency and competitiveness (Solechan et al., 2023). Furthermore, digital transformation is seen as an innovative strategy that strengthens organizational resilience, customer loyalty, and adaptability to market changes (Susanti et al., 2023).

### **Competitive Advantage**

A strategic position that allows a company to create higher value than competitors through differentiation or cost efficiency. Based on the Resource-Based View perspective, advantages arise when an organization owns and manages valuable, rare, inimitable, and non-substitutable sources of power (Barney, 1991). In a more modern context, superiority competition is also understood as

a capacity for innovation, improving efficiency, and adapting quickly to market dynamics, so that a company can maintain market sustainability for customers (Haseeb et al., 2019; Civelek et al., 2023). Efforts to maintain a position superior to the demand consistency, innovation, utilization of technology, and strengthening the human power to face risk imitation by competitors (Wulandari & Herawati, 2023).

### **Business Performance**

Success rate of a company in reaching its strategic objectives, including financial aspects such as revenue and profitability, as well as non-financial aspects such as customer satisfaction, quality products, and effective operations (Chatterjee et al., 2025; Liu et al., 2022). Performance is not only about showing results in the short term, but also the reflective ability of an organization to create long-term value through management source power, innovation, sustainability, adaptation to market changes, and strengthening competitive position (Artha & Satriadhi, 2023). Thus, performance business is multidimensional because it combines financial and non-financial aspects. To give a comprehensive overview of the strategic and operational effectiveness of the company.

### **The Relationship between Digital Transformation and Business Performance**

Digital transformation improves business performance through technologies such as big data analytics, e-commerce, and digital systems, thereby strengthening the efficiency and competitiveness of MSMEs (Pratama, 2024; Yuwono, 2025). Increasingly, implementation and performance are also improving in both financial and non-financial companies (Setiawan et al., 2025). The use of social media has also been shown to influence the performance of MSMEs, especially in the culinary sector (Yulisa et al., 2021). Therefore, digital transformation plays a strategic role in improving business performance.

### **The Link Between Digital Transformation and Competitive Advantage**

Digital transformation plays a role in increasing competitive advantage by leveraging technology to enhance operational efficiency, product differentiation, and services that are more responsive to customer needs (Kurniawan & Saputra, 2024). The integration of digital technology also helps MSMEs adapt their business strategies quickly to market dynamics, thereby maintaining relevance and a competitive position (Zheng & Zhou, 2025). The application of digitalization to processes, strategies, and organizational structures enables companies to generate superior value that is difficult for competitors to imitate, thereby strengthening competitive advantage in the market (Shehadeh et al., 2023).

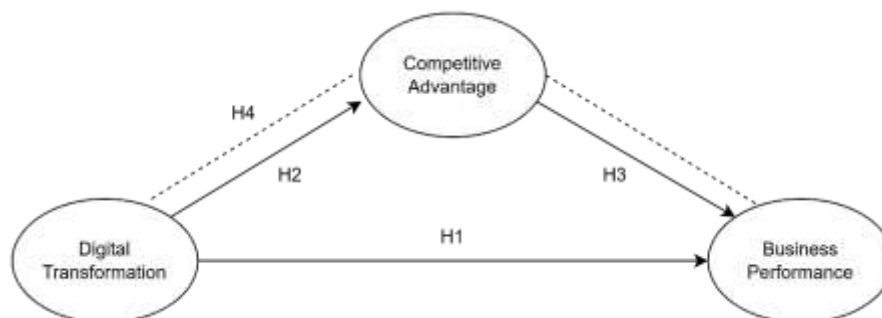
### **The Relationship between Competitive Advantage and Business Performance**

Competitive advantage is a crucial factor in determining business success and sustainability because companies that create greater value than their competitors tend to achieve better performance (Kurniawan & Saputra, 2024). Companies with a competitive advantage can optimise both physical and non-physical resources to improve efficiency, product quality, and customer satisfaction, thus directly contributing to higher business performance (Kiyabo & Isaga, 2020).

### **The Relationship between Digital Transformation and Business Performance through Competitive Advantage**

Digital transformation improves business performance while simultaneously establishing competitive advantage as a mediating mechanism. The use of digital technology helps MSMEs improve efficiency, differentiate, and deliver better service, thereby strengthening their competitive position in the market (Zheng & Zhou, 2025). The competitive advantage formed through this process then drives improved performance, both financial and non-financial, as companies are able to offer higher value than competitors (Kurniawan & Saputra, 2024; Susanti et al., 2023).

Figure 1. Research model



Source : Processed by researchers

The formulation of a hypothesis is as follows:

- H1: Digital Transformation has a significant and positive impact on the business performance of culinary MSMEs in West Jakarta.
- H2: Digital transformation has a significant and positive influence on the competitive advantage of culinary MSMEs in West Jakarta.
- H3: Competitive Advantage has a significant and positive influence on the business performance of culinary MSMEs in West Jakarta.
- H4: Competitive Advantage mediates the relationship between digital transformation and business performance MSMEs in West Jakarta.

## RESEARCH METHODS

This study uses a quantitative design, with a cross-sectional survey administered through distributed questionnaires to MSME actors who have implemented digital transformation. The study population comprises all Micro, Small and Medium Enterprises (MSMEs) in the culinary sector operating in the DKI Jakarta area. The election sample in the study uses *non-probability sampling, specifically purposive sampling*. Criteria respondents in the study. This covering owner directs a business culinary located in West Jakarta and has been operating for at least 1 year . In addition, the business is classified as an MSME and leverages digital transformation in its efforts. Determination of sample size in the study. This refers to the guidelines for general analysis use *Partial Least Squares – Structural Equation Modelling (PLS-SEM)*, with a minimum number of samples required is 160 respondents .

Variables in the study. This consists of exogenous factors, that is, Digital Transformation (TD). Furthermore , there are variables that mediate the Competitive Advantage (KB). Meanwhile, the endogenous variable used is Business Performance (KU).To measure all indicators in the study, the Likert Scale is used to help respondents with the study variables. Data and information study. This was obtained through questionnaires completed by selected respondents. After the data are collected, the data analysis is carried out using *Partial Least Squares Structural Equation Modelling (PLS-SEM)* in the software SmartPLS.In its testing , PLS-SEM consists of two main stages , namely measurement model testing ( *outer model* ) for evaluating validity and reliability indicators , as well as structural model testing ( *inner model* ) for see connection between latent constructs in the study (J. F. Hair et al., 2021) .

## RESULTS

Of the 160 questionnaires received, all respondents are perpetrators or MSME owners operating in West Jakarta, so the data obtained reflect the real conditions of businesses in the area. All respondents own businesses for more than 1 year, with distribution: 69 businesses aged 1–2 years,

60 businesses aged 3–4 years, 24 businesses aged 5–6 years, and 7 businesses aged over 6 years. The majority of respondents (142 respondents ) have an annual turnover of less than 2 billion rupiah, while 16 respondents were in the range of 2–15 billion rupiah, and 2 respondents were in the range of 15–50 billion rupiah. All perpetrator businesses also use digital technology in their operations, with digital payment platforms being the most dominant, used by 124 respondents (77.5%).

**Data Analysis Results**

Validity convergent evaluated use mark *Average Variance Extracted* (AVE) with criteria  $\geq 0.50$  as base evaluation adequacy convergence construct (Sihombing et al., 2024). Test results show that all the variables in the study. This fulfils the standard, where Digital Transformation has an AVE of 0.610, an Competitive Advantage of 0.724, and a Business Performance of 0.616. The values confirm that each construct can adequately explain the indicators' variance, so all the variables declared valid, convergent, and feasible are used in the next stage analysis.

Table 1. Analysis Results *Average Variance Extracted* (AVE)

Variables	<i>Average Variance Extracted</i> (AVE)
Competitive Advantage	0.724
Business Performance	0.616
Digital Transformation	0.610

Source : Data Processing Results from *Smart PLS 4* By Researchers

Test results for the Heterotrait-Monotrait Ratio (HTMT) show that the overall mark connection between constructs is below the 0.90 limit, so validity discriminant is fulfilled (J. Hair et al., 2022). The HTMT values for the constructs are 0.801 for Superiority Competitive – Business Performance, 0.720 for Superiority Competing – Digital Transformation, and 0.834 for Business Performance – Digital Transformation. This confirms that every construct has its own clear differentiation from the others and is worthy of use in structural analysis.

Table 2. Analysis Results *Hetero-Monotrait Ration*

	Keunggulan Bersaing	Kinerja Usaha
Kinerja Usaha	0.801	
Transformasi Digital	0.720	0.834

Source : Data Processing Results from *Smart PLS 4* By Researchers

Reliability test done to evaluate internal consistency of each construct with the use of *Cronbach's Alpha* , *Composite Reliability* , as well as rho\_A and rho\_C . A construct is said to be reliable if the third indicator is above 0.70 (J. F. Hair et al., 2021). The test results show that all the variables in the study fulfil the criteria of reliability. *Cronbach's Alpha values* for Digital Transformation, Excellence Compete, and Business Performance are 0.935, 0.945, and 0.921, respectively. In addition, the *Composite Reliability* is also high, namely 0.941 for Digital Transformation, 0.947 for Competitive Advantage, and 0.926 for Business Performance. These results are reinforced by values rho\_A, which is in the range of 0.926 to 0.947, as well as rho\_C, which ranges between 0.935 and 0.954. Thus, all constructs were deemed reliable and suitable for further analysis.

Table 3. Results of Reliability Test Analysis

Variabel	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Competitive Advantage	0.945	0.947	0.954
Business Performance	0.921	0.926	0.935
Digital Transformation	0.935	0.941	0.945

Source : Data Processing Results from *Smart PLS 4* By Researchers

Coefficient determination is used to evaluate the ability of exogenous variables to explain variations in endogenous variables . In research, this used *Adjusted R<sup>2</sup>* due to the sample size. This capability provides more accurate and unbiased estimates of an additional predictor than the usual

$R^2$  (Ozili, 2023). Analysis results show that Mark's *Adjusted R<sup>2</sup>* for Competitive Advantage is 0.466, which means Digital Transformation can explain 46.6% of the variation in Superiority Compete. Meanwhile, the value-adjusted  $R^2$  for Business Performance is 0.700, indicating that Digital Transformation and Competitive Advantage together explains 70% of the variation in Business Performance. Findings This indicates that the model has a strong effect, especially in the Business Performance construct, which is significantly influenced by both variables.

Table 4. Analysis Results: Coefficient Determination

	R-square	R-square adjusted
Competitive Advantage	0.469	0.466
Business Performance	0.704	0.700

Source : Data Processing Results from *Smart PLS 4* By Researchers

*R-squared* value used to evaluate the contribution of each variable exogenous to endogenous variables in the PLS-SEM model, with categories 0.02 ( small ), 0.15 ( medium ), and 0.35 (large) (J. Hair et al., 2022). Test results show that Digital Transformation has a huge effect on superiority. The  $F^2$  value is 0.884, indicating that the variables have a dominant role in the form superiority of competitive MSMEs. Furthermore, Competetive Advantagw currently has an advantage in Business Performance, as indicated by the  $F^2$  value of 0.298. Digital Transformation also has a big effect on Business Performance, with an  $F^2$  of 0.459. Findings: This confirms that all the variables in the model make a meaningful contribution to explaining Business Performance Variation.

Table 5. Analysis Results: *Effect Size*

	Competitive Advantage	Bsuiness Performance
Competitive Advantage		0.298
Digital Transformation	0.884	0.459

Source : Data Processing Results from *Smart PLS 4* By Researchers

Goodness of *Fit* ( GoF ) is used to evaluate the compatibility of the overall model in PLS-SEM (Ghozali & Kusumadewi, 2023) . The results show a GoF of 0.617, which is far above the threshold of 0.36, indicating that the model has strong and optimal variable connectivity.

$$\begin{aligned} \text{GoF} &= \\ &= \sqrt{0.650 \times 0.5865} \\ &= 0.617 \end{aligned}$$

Test results *path coefficient* show that all the connections in the model is positive and significant. First, Digital Transformation has a positive and significant effect on Business Performance, with a coefficient of 0.506, a t-statistic of 6.338, and a p-value of 0.000 (<0.05). Second, Digital Transformation also has a positive and significant effect on Competitive Advantage, as indicated by a coefficient value of 0.685, a t-statistic of 11.718, and a p-value of 0.000. Third, Competitive Advantage has a positive and significant effect on Business Performance, with a coefficient of 0.407, a t-statistic of 4.146, and a p-value of 0.000. Furthermore, the results of the specific indirect effect test show that Digital Transformation positively and significantly affects Business Performance through Competitive Advantage, as indicated by the mediation coefficient of 0.279, a t-statistic of 3.353, and a p-value of 0.001 (<0.05). Overall, these findings confirm that all structural pathways in the model are supported and that Digital Transformation plays a direct and indirect role in improving Business Performance in culinary MSMEs in West Jakarta.

Table 6. Analysis Results *Path Coefficient* & Hypothesis Testing

	<i>Original sample (O)</i>	<i>T statistic ((O/STDEV))</i>	<i>P values</i>
Digital Transformation → Business Performance	0.506	6.338	0.000
Digital Transformation → Competitive Advantage	0.685	11.718	0.000
Competitive Advantage → Kinerja Usaha	0.407	4.146	0.000
Digital Transformation → Competitive Advantage → Business Performance	0.279	3.353	0.001

Source : Data Processing Results from *Smart PLS 4* By Researchers

Based on the hypothesis test results, Digital Transformation is proven to be a significantly influential positive factor in the performance of culinary MSME businesses in West Jakarta, with a beta coefficient of 0.506 and a *t*-statistic of 6.338. The use of digital technology helps MSMEs improve operational effectiveness, enhance management processes, and strengthen their ability to respond to customers faster and more adaptively. Findings are in line with the *Resource-Based View* (RBV), which emphasizes that digital technology is a valuable and difficult-to-imitate resource, enabling companies to build internal capabilities and achieve superior competitiveness. Research has also previously shown that the utilization of digital technology is driving improved business performance by strengthening marketing processes and expanding market reach (Susanti et al., 2023). Therefore, the use of digital technology is an important factor for culinary MSMEs to improve business performance sustainably.

Next, the results of the hypothesis test show that Digital Transformation is a significantly influential positive factor for Competitive Advantage culinary MSMEs in West Jakarta, with a beta coefficient of 0.685 and a *t*-statistic of 11.718. Utilizing digital technology helps MSMEs improve the quality of service, speed up the dissemination of current information, and expand market reach so that they can compete more strongly. Findings. This is consistent with a previously explained study that digitalization can push businesses to become more efficient, responsive, and innovative in fulfilling consumer needs (Susanti et al., 2023). Therefore, utilizing optimal digital technology is required to strengthen competitiveness through efficient operations, innovative services, and the management of a more modern business.

Then, testing the hypothesis shows that Competitive Advantage is positively and significantly influential on the performance of culinary MSMEs in West Jakarta. The coefficient value of 0.407 with a *t*-statistic of 4.146 confirms that the stronger the ability of MSMEs to create differentiation, value added, and effective operations, the more likely the business performance. Findings. This is in line with a study previously stated that superior competition plays an important role in strengthening productivity, increasing operational efficiency, and expanding market reach, thereby increasing overall business performance (Susanti et al., 2023). Therefore, culinary MSMEs need to continue developing innovative products, improve service quality, and increase the professionalism of their teams to maintain a competitive and encouraging performance and make optimal efforts.

Then testing the hypothesis shows that Competitive Advantage mediates the connection between Digital Transformation and Business Performance in general, positive and significant. The test results, with a coefficient of 0.279 and a *t*-statistic of 3.353, confirm that the impact of digital transformation on performance becomes stronger when MSMEs are able to build a clear superiority over clear competition. When digital technology is integrated into operations, marketing, and customer service customers, MSMEs not only gain efficiency but also create market differentiation and expansion, strengthening their position in the market. This is consistent with a study previously stated that utilizing digital technology provides more optimal results if

used for building superior, relevant competition with the needs of customers (Susanti et al., 2023). Thus, digital investment is necessary to strengthen the ability of MSMEs in create differentiation, increase the quality of services, and provide a superior experience for improved business can be achieved in a sustainable way.

## DISCUSSION

The findings of this study provide important insights into how digital transformation contributes to improving the performance of culinary MSMEs, particularly through the role of competitive advantage as a mediating variable. From the perspective of the Resource-Based View (RBV), digital transformation can be considered a strategic resource that enables MSMEs to develop capabilities that are valuable, rare, and difficult to imitate. However, this study shows that digital transformation alone is not sufficient to guarantee superior business performance unless it is effectively translated into competitive advantage.

The significant effect of digital transformation on business performance indicates that the adoption of digital tools such as online platforms, digital payments, and social media enhances operational efficiency and market reach. This finding supports previous studies (Susanti et al., 2023; Pratama, 2024) which emphasize that digitalization improves both financial and non-financial performance. However, in the context of culinary MSMEs, where products are relatively easy to imitate, the role of differentiation becomes more critical.

Furthermore, the strong influence of digital transformation on competitive advantage suggests that technology adoption enables MSMEs to create added value through faster service, better customer interaction, and broader accessibility. This aligns with the RBV perspective that competitive advantage is built when firms are able to transform resources into unique capabilities. In practice, digital tools are not only operational supports but also strategic instruments for innovation and market positioning.

The results also confirm that competitive advantage significantly improves business performance. MSMEs that are able to differentiate their products, maintain quality, and deliver superior service tend to achieve higher levels of customer satisfaction and business sustainability. This finding reinforces prior research (Kiyabo & Isaga, 2020) which highlights that competitive advantage is a key driver of firm performance.

More importantly, the mediating role of competitive advantage indicates that the impact of digital transformation on performance is indirect as well as direct. This means that digital transformation becomes more effective when it is accompanied by strategies that create differentiation and added value. Without such strategies, digital adoption may only result in operational improvements without significantly enhancing competitiveness or long-term performance.

These findings imply that culinary MSMEs should not focus solely on adopting digital technologies, but also on integrating them into broader business strategies aimed at creating unique value propositions. Digital investment should be directed toward strengthening product innovation, improving service quality, and enhancing customer experience. By doing so, MSMEs can achieve sustainable performance and maintain their competitiveness in an increasingly dynamic market.

## CONCLUSION

Based on the results of the analysis, research shows that Digital Transformation has a positive and significant impact on the Business Performance of culinary MSMEs in West Jakarta. Competitive Advantage is also proven to improve business performance and to act as a mediator in the relationship between Digital Transformation and Business Performance. Findings: This confirms

that utilizing digital technology and a strong power strategy contribute significantly to improving MSME performance.

MSME actors are advised to maximize digital technologies such as online ordering, digital payments, and social media marketing, as well as increase their digital competence through training. The government needs to expand digital mentoring programs, provide access to affordable technology, and offer support and incentives for active MSMEs to undertake digital transformation to strengthen the power of competition.

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