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Inclusive Digital Innovation in Indonesian MSMEs: Social Media Management as a Pathway to Sustainable Entrepreneurial Transformation in ASEAN Contexts

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) form the backbone of ASEAN economies, yet many continue to operate with limited digital capability and informal managerial systems. While regional transformation agendas emphasize digital innovation, accessible and scalable pathways for resource-constrained MSMEs remain underexplored. Drawing on qualitative evidence from 36 Indonesian MSMEs participating in a university–industry collaboration initiative, this study conceptualizes structured social media management as a form of inclusive digital innovation. Specifically, the research examines how the integration of branding, brand guidelines, Customer Relationship Management (CRM), and Key Performance Indicators (KPI) reshapes managerial and relational practices. Using thematic analysis, the findings identify four interconnected innovation dimensions: process innovation through structured content planning, organizational innovation via brand consistency, relational innovation through systematic customer engagement, and cognitive innovation reflected in data-driven decision-making. The results demonstrate a transition from ad hoc social media usage toward integrated management systems that enhance customer trust, strategic clarity, and business resilience. MSME owners perceive these structured practices as practical and sustainable within their operational constraints. While empirically grounded in Indonesia, the findings offer conceptual insights into inclusive digital upgrading mechanisms relevant to MSMEs operating across ASEAN contexts. The study concludes that integrated social media management represents a low-cost digital innovation pathway supporting sustainable entrepreneurial transformation.

Keywords: Inclusive Digital Innovation; Sustainable Entrepreneurship; Social Media Management

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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) constitute the backbone of ASEAN economies, contributing significantly to employment, income generation, and regional resilience. In Indonesia—the largest economy in Southeast Asia—MSMEs account for the overwhelming majority of business entities and serve as a critical driver of inclusive growth. However, despite their economic importance, many MSMEs continue to operate with limited digital maturity, informal managerial routines, and reactive

customer engagement practices. As digital transformation accelerates across global markets, the challenge for resource-constrained MSMEs lies not only in adopting digital tools but in developing structured digital capabilities that support long-term sustainability (Kraus et al., 2022).

Background and Research Problem

The digital transformation literature emphasizes that transformation extends beyond technological adoption to encompass organizational agility, leadership alignment, and knowledge integration (Ramadan et al., 2023). In SME contexts, digital capabilities are strongly associated with entrepreneurial performance and competitive advantage (Kim & Jin, 2024). Data-driven innovation capability further enhances market agility and performance outcomes (Sultana et al., 2022). Nevertheless, digitalization processes in developing regions remain uneven and constrained by limited resources and capability gaps (Huynh et al., 2025).

Social media represents one of the most accessible digital infrastructures for MSMEs. Contemporary research increasingly conceptualizes social media as a strategic managerial system rather than merely a communication channel (Dwivedi et al., 2021). Structured social media use has been shown to influence financial performance in SMEs (Cao & Weerawardena, 2023), while social media marketing capabilities contribute to firm competitiveness (Belitski & Rejeb, 2022). Branding consistency and digital brand identity further strengthen sales strategies and customer trust (Shams et al., 2024). Additionally, customer engagement—now understood as a measurable strategic construct—plays a central role in digital performance (Lim & Rasul, 2022; Srivastava et al., 2025).

Despite these advances, existing scholarship tends to examine digital capabilities, branding, customer engagement, and CRM as separate constructs. Research on social CRM demonstrates that relational management systems enhance firm performance (Perez-Vega et al., 2022; Wang & Kim, 2017), and engagement metrics have been linked to SME revenue (Matosas-López, 2024). However, limited research integrates branding, CRM, and KPI-based analytics into a unified social media management framework and investigates how such integration functions as a form of inclusive digital innovation in MSMEs.

Accordingly, the research problem can be formulated as follows: *How can structured social media management function as an inclusive digital innovation mechanism that supports sustainable entrepreneurial transformation in Indonesian MSMEs, and what implications does this have for ASEAN contexts?*

Problem-Solving Approach

To address this problem, this study adopts a qualitative approach grounded in empirical evidence from 36 Indonesian MSMEs participating in a university–industry collaboration initiative. The intervention involved the development of brand guidelines, structured content planning, CRM systematization, and KPI-based monitoring mechanisms. Through thematic analysis, the study examines how MSMEs experience and interpret the integration of these components.

The proposed problem-solving approach conceptualizes social media management as a structured managerial system comprising:

1. Branding and brand guideline integration (organizational identity alignment),
2. Customer Relationship Management (CRM) systemization (relational capability development), and
3. KPI-based analytics adoption (data-driven cognitive upgrading).

By integrating these components, the study positions structured social media management as a low-cost and scalable digital upgrading pathway suitable for resource-constrained MSMEs.

State of the Art

The state of the art in digital transformation research emphasizes capability development, data-driven innovation, and strategic alignment (Kraus et al., 2022; Sultana et al., 2022). Studies highlight the

importance of digital marketing capabilities in enhancing SME performance (Hidayati et al., 2025) and demonstrate that social media engagement can predict financial outcomes (Matosas-López, 2024). Research in Southeast Asian contexts further underscores the importance of innovation strategy and sustainability for SME resilience (Baby et al., 2025; Srisathan et al., 2020).

However, three limitations remain evident in the current literature:

1. Digital innovation is often framed in terms of technological sophistication rather than accessible managerial upgrading mechanisms.
2. Branding, CRM, and KPI are typically studied in isolation rather than as an integrated capability system.
3. Empirical qualitative evidence from Indonesian MSMEs linking structured social media management to sustainable entrepreneurial transformation remains limited.

Novelty of the Study

Building on the preceding review of digital transformation, social media capabilities, branding, CRM, and sustainability literature, it becomes evident that although substantial progress has been made in understanding digital capability development in SMEs, important gaps remain regarding the integration of these elements into a coherent managerial innovation framework. Existing studies largely examine digital transformation, branding, customer engagement, and social CRM as separate constructs, often emphasizing performance outcomes without fully conceptualizing how these practices function collectively as inclusive digital innovation mechanisms in resource-constrained contexts. Moreover, empirical evidence from Indonesian MSMEs with analytical relevance to ASEAN remains limited. To clarify the positioning of this study within the current state of the art and to highlight its specific contributions, Table 1 summarizes the key thematic streams in the literature, identifies the corresponding research gaps, and outlines the novelty offered by this research.

Table 1. Research Gap and Novelty of the Study

Theme in Existing Literature	Theme in Existing Literature	Theme in Existing Literature
Digital Transformation in SMEs	Focus largely on general digital capabilities and performance outcomes; limited attention to low-cost managerial digital innovation mechanisms suitable for resource-constrained MSMEs. Kraus et al. (2022); Ramadan et al. (2023); Kim & Jin (2024); Sultana et al. (2022)	Conceptualizes structured social media management as an inclusive digital innovation pathway accessible to Indonesian MSMEs.
Social Media Marketing Capabilities	Social media capabilities are often examined independently and primarily linked to performance, without integrating branding, CRM, and KPI into a unified system. Dwivedi et al. (2021); Belitski & Rejeb (2022); Cao & Weerawardena (2023); Hidayati et al. (2025)	Develops an integrated framework combining branding, CRM, and KPI as a structured social media management system.
Branding & Customer Engagement	Branding and engagement are studied as marketing constructs rather than as managerial innovation processes within MSMEs. Shams et al. (2024); Lim & Rasul (2022); Srivastava et al. (2025); Matosas-López (2024)	Reframes branding and engagement as components of relational and cognitive innovation supporting sustainable entrepreneurship.

Theme in Existing Literature	Theme in Existing Literature	Theme in Existing Literature
Social CRM & Relational Capabilities	Limited qualitative evidence on how MSMEs perceive social CRM integration as an innovation mechanism in emerging economies. Perez-Vega et al. (2022); Wang & Kim (2017); Marolt et al. (2022); Kwon et al. (2026)	Provides qualitative evidence from Indonesian MSMEs demonstrating CRM systemization as relational innovation.
Innovation & Sustainability in Asian SMEs	Few studies connect inclusive digital innovation with sustainable entrepreneurial transformation in Indonesian MSMEs with ASEAN relevance. Baby et al. (2025); Srisathan et al. (2020)	Positions structured social media management as a pathway to sustainable entrepreneurial transformation with analytical relevance to ASEAN contexts.

Based on the synthesis of prior research and the identified gaps, this study proposes a **preliminary conceptual framework** positioning structured social media management as a form of inclusive digital innovation. Rather than representing predetermined empirical findings, the framework served as a **theoretical guide** for data collection and the initial coding process. The subsequent thematic analysis iteratively refined this framework by incorporating patterns identified across the empirical cases. The conceptual framework guiding this study is presented in Figure 1.

Figure 1 illustrates the preliminary theoretical relationships derived from the literature review. The final analytical relationships presented in the Results section represent a refinement of this framework based on the thematic analysis of the interview data.

LITERATURE REVIEW

From Digital Transformation to Inclusive Digital Innovation

Digital transformation research has matured from a technology-centric lens to a capability-oriented perspective emphasizing strategic alignment, organizational agility, and knowledge integration (Kraus et al., 2022; Ramadan et al., 2023). In SMEs, such capabilities are consistently linked to entrepreneurial performance and competitive advantage (Kim & Jin, 2024), with data-driven innovation further enhancing market responsiveness and outcomes (Sultana et al., 2022). However, this stream remains biased toward firms with sufficient absorptive capacity and resources. Evidence from developing contexts shows that digitalization is uneven and constrained by capability deficits (Huynh et al., 2025), suggesting that prevailing models understate the constraints faced by resource-limited MSMEs. This creates a conceptual gap: the field lacks robust accounts of inclusive digital innovation, i.e., low-cost, accessible pathways that translate basic digital access into structured capability development.

Social Media as a Managerial Capability (Not Just a Channel)

Social media has diffused widely among SMEs due to its low entry cost, yet its strategic role is inconsistently theorized. Contemporary work reframes social media as a managerial system rather than a communication channel (Dwivedi et al., 2021), and empirical studies link its strategic use to financial performance (Cao & Weerawardena, 2023) and competitiveness (Belitski & Rejeb, 2022). Capability-based accounts further show that entrepreneurial and market orientations shape digital marketing capabilities and outcomes in emerging markets (Hidayati et al., 2025), with social media-driven lead generation contributing to SME performance (Santoso & Rahayu, 2025).

Despite this, the literature tends to operationalize "social media capability" as an aggregate construct, offering limited insight into how specific managerial components cohere into a structured

system. This aggregation obscures the mechanisms through which social media use becomes a sustained organizational capability.

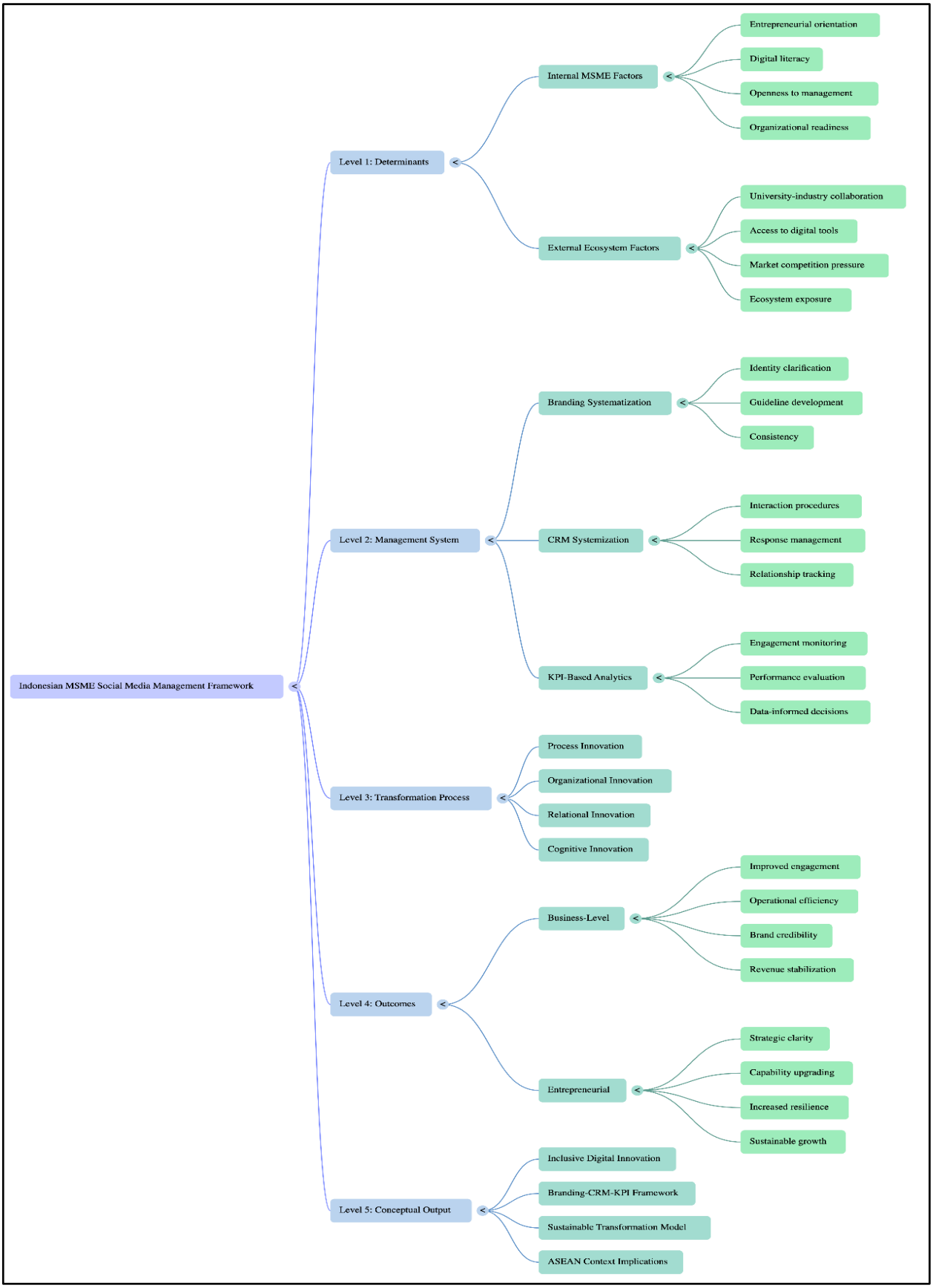


Figure 1. Research Conceptual Framework

Branding and Customer Engagement: From Outcomes to Mechanisms

Branding and customer engagement are central in digital markets but are frequently treated as outcome variables rather than as components of managerial design. Digital brand identity strengthens sales strategies and trust (Shams et al., 2024), while influencer dynamics amplify positioning effects (Rajput & Gandhi, 2024). Engagement has evolved into a measurable strategic construct (Lim & Rasul, 2022), with systematic evidence linking engagement metrics to firm outcomes, including revenue (Matosas-López, 2024; Srivastava et al., 2025). Digitalization also enhances engagement and brand presence in SMEs (Fatorachian et al., 2025).

However, the dominant approach remains correlational—linking engagement to performance—without unpacking the managerial configurations (e.g., brand guidelines, content systems) that produce consistent engagement. This limits the explanatory power of the literature for MSMEs seeking actionable pathways.

Social CRM and Relational Capabilities in Platform Contexts

The evolution from CRM to social CRM signals a shift toward interactive, data-enabled relational management (Perez-Vega et al., 2022). From a dynamic capability perspective, social media strengthens customer relationship capabilities and firm performance (Wang & Kim, 2017), while relational social commerce capabilities mediate competitive advantage in SMEs (Marolt et al., 2022). More recent work links social CRM to innovation and operational efficiency (Kwon et al., 2026), positioning relational systems as engines of organizational renewal.

Yet, CRM is still frequently modeled as a discrete subsystem. The literature offers limited integration of CRM with branding systems and analytics in a unified architecture, particularly within MSMEs where formal systems are often absent. This fragmentation constrains our understanding of how relational capabilities are operationalized in resource-constrained settings.

KPI-Based Analytics and Cognitive Upgrading

The rise of platform analytics enables firms to monitor engagement, evaluate content, and inform decisions. Data-driven capability is associated with agility and performance (Sultana et al., 2022), and engagement metrics function as leading indicators of outcomes (Matosas-López, 2024). Nonetheless, MSMEs often underutilize available data due to lack of structured processes and interpretive capacity.

Current research privileges outcomes (e.g., performance gains) over cognitive mechanisms—how firms routinize data use for decision-making. The absence of integrated KPI systems within broader managerial frameworks limits the translation of data into sustained capability.

Innovation and Sustainability in Asian MSMEs

In Asian contexts, innovation is closely tied to sustainability and resilience. Innovation strategies supported by knowledge management underpin sustainable competitive advantage (Baby et al., 2025), while sustainability-oriented practices shape innovation performance in Southeast Asian SMEs (Srisathan et al., 2020).

However, the literature rarely specifies which innovation pathways are feasible for MSMEs under resource constraints. In particular, the role of widely accessible digital infrastructures—such as social media—as vehicles for sustainable, inclusive innovation remains underdeveloped.

Synthesis and Research Gap

Across these streams, three limitations persist. First, digital innovation is predominantly framed in terms of technological sophistication, overlooking managerial innovations that are accessible to MSMEs. Second, branding, CRM, and analytics (KPI) are largely examined in isolation, resulting in fragmented

explanations of capability formation. Third, there is a paucity of qualitative, context-rich evidence from Indonesian MSMEs with analytical relevance to ASEAN, limiting external applicability in comparable settings.

Addressing these limitations, this study advances an integrated perspective that conceptualizes structured social media management—the alignment of branding systems, CRM processes, and KPI-based analytics—as a form of inclusive digital innovation. By specifying the managerial configuration and mechanisms through which these elements co-produce process, organizational, relational, and cognitive innovation, the study contributes a coherent framework for understanding sustainable entrepreneurial transformation in resource-constrained MSMEs, with broader implications for ASEAN contexts.

METHOD

Research Design and Data Collection

This study employs a qualitative research design to examine how structured social media management functions as inclusive digital innovation in Indonesian MSMEs. A qualitative approach is appropriate because the study seeks to explore managerial transformations, relational practices, and capability development from the perspective of MSME owners rather than test predetermined hypotheses. The research adopts a multiple-case study strategy involving 36 Indonesian MSMEs that participated in a university–industry collaboration initiative. The intervention included the development of brand guidelines, structured content planning and scheduling, systematized CRM procedures, and KPI-based engagement monitoring frameworks. This setting provided a practical context to observe shifts from informal digital practices toward more structured management systems.

Data were collected through semi-structured interviews with MSME owners or primary decision-makers after the intervention period. Interviews focused on pre-intervention digital practices, perceived changes in branding consistency, customer relationship management processes, adoption of KPI and engagement metrics, and perceived innovation outcomes. Prior to each interview, participants were informed about the purpose of the study and the voluntary nature of their participation, and verbal informed consent was obtained. Each interview lasted approximately 20–40 minutes, was conducted in Indonesian, recorded with participants' permission, and subsequently transcribed for analysis. All interview transcripts were anonymized to ensure participant confidentiality. Supporting documentation, including social media samples and engagement reports, was collected to enhance contextual depth and enable triangulation. Participants were selected purposively based on their active social media presence and completion of the structured management implementation, ensuring that cases were information-rich and directly relevant to the research objectives.

Data Analysis Strategy

The data were analyzed using a hybrid deductive–inductive thematic analysis to examine how structured social media management functioned as a mechanism of inclusive digital innovation. The initial coding process was informed by the preliminary conceptual framework presented in Figure 1, particularly the integration of branding, Customer Relationship Management (CRM), and KPI-based analytics. At the same time, the analysis remained open to new insights emerging from participants' experiences through iterative reading and constant comparison across cases. Initial codes were refined into higher-order categories representing broader managerial transformations. Through this iterative process, four interrelated innovation dimensions were identified and refined: process innovation through structured content planning, organizational innovation through brand consistency, relational innovation through CRM systemization, and cognitive innovation through data-informed decision-making.

To enhance the credibility and trustworthiness of the findings, coding was conducted iteratively through repeated transcript review and cross-case comparison. Supporting documentation, including

social media samples and engagement reports, was used for data triangulation. The preliminary conceptual framework served as a sensitizing framework during the initial stages of analysis, while continuous comparison between empirical evidence and theoretical constructs enabled refinement of the final analytical model.

To provide a structured overview of the research workflow, this study organizes the methodological process into sequential stages encompassing conceptual development, case selection, intervention implementation, data collection, analysis, and dissemination. Each stage is aligned with specific processes, outputs, and measurable achievement indicators to ensure methodological rigor and transparency. The structured progression from theoretical mapping to model refinement enables systematic tracing of how the conceptual framework was empirically examined and developed. Table 2 summarizes the research stages, core activities, expected outputs, and indicators of completion.

Table 1. Research Gap and Novelty of the Study

No	Research Stage	Main Process	Output
1	Preliminary Study & Literature Mapping	Systematic review of digital transformation, social media management, CRM, KPI, and sustainable entrepreneurship literature; identification of research gaps.	Initial conceptual map
2	Conceptual Framework Development	Synthesis of literature to construct integrated Branding–CRM–KPI framework as inclusive digital innovation model.	Conceptual framework and research model
3	Case Selection	Purposive sampling of 36 Indonesian MSMEs participating in structured social media management intervention	List of MSME cases
4	Intervention Implementation	Development of brand guidelines, structured content planning, CRM systemization, and KPI monitoring tools	Structured social media management system implemented
5	Data Collection	Semi-structured interviews with MSME owners; collection of engagement reports and supporting documentation	Qualitative dataset (transcripts and documents)
6	Data Analysis	Thematic analysis and cross-case comparison to identify innovation dimensions	Thematic findings
7	Model Refinement	Cross-case synthesis and theoretical alignment with inclusive digital innovation framework	Refined conceptual model
8	Implication Development	Interpretation of findings for Indonesian MSMEs and broader ASEAN contexts	Theoretical and practical implications
9	Dissemination	Preparation of journal manuscript and conference submission	Scientific article

RESULTS

From Fragmented Practices to Structured Systems

Across the cases, MSMEs did not merely increase their use of social media; rather, they experienced a fundamental shift in how social media was understood and managed. Prior to the intervention, digital activities were largely characterized by ad hoc posting, inconsistent branding, and reactive customer interaction. Following the implementation of structured social media management, firms reorganized these practices into coordinated and repeatable routines.

This transformation is best understood as a shift from fragmented practices to an integrated managerial system. Guided initially by the conceptual framework presented in Figure 1, the thematic analysis identified and refined recurring patterns across the cases. As illustrated in Table 3, the transition involved changes at multiple levels—from operational routines to decision-making logic-indicating that capability development was driven by managerial structuring rather than technological sophistication.

Table 2. E-Wallet usage in terms of Security

Initial Codes	Analytical Categories	Themes	Innovation Dimension
Irregular posting, spontaneous content	Lack of operational structure	Structured content planning	Process Innovation
Absence of content calendar	Weak planning system	Routine digital activities	Process Innovation
Inconsistent visual design	Unclear brand identity	Brand standardization	Organizational Innovation
Inconsistent communication tone	Lack of communication guidelines	Brand identity consistency	Organizational Innovation
Slow customer response	Unstructured interaction	Systematic customer interaction	Relational Innovation
No customer follow-up	Absence of relationship management	Strengthened customer relationships	Relational Innovation
No content performance evaluation	Intuition-based decisions	Data-driven decision-making	Cognitive Innovation
No use of social media insights	Underutilization of data	KPI monitoring	Cognitive Innovation

Process Innovation: Structuring Content and Operational Routines

Consistent with the preliminary conceptual framework, the most immediate transformation was identified at the process level, where MSMEs shifted from irregular, intuition-based posting toward structured content planning. As shown in Table 4, this transition introduced consistency and predictability into daily operations. Content creation was no longer reactive but aligned with predefined schedules and strategic objectives.

Table 4. Cross-Case Transformation Patterns

Dimension	Before Intervention	After Intervention
Content Management	Unscheduled, spontaneous posting	Planned and scheduled content
Branding	Inconsistent visuals and messaging	Standardized brand identity
Customer Interaction	Reactive and unstructured responses	Systematic and responsive interaction
Decision-Making	Based on intuition and experience	Based on data and KPI metrics
Strategic Clarity	Lack of clear communication direction	More structured and strategic communication

Beyond improving efficiency, structured content planning reduced decision fatigue and enabled MSMEs to operate within clearer operational boundaries. This indicates that process innovation functioned as a foundational mechanism supporting broader capability development.

Organizational Innovation: Stabilizing Brand Identity

The introduction of brand guidelines resulted in a significant shift in how MSMEs managed their identity. Previously, branding was inconsistent and often dependent on individual preferences. Following the intervention, firms adopted standardized visual and communication frameworks, leading to greater coherence across digital channels.

This shift reflects organizational innovation, where internal alignment and external representation became mutually reinforcing. As indicated in Table 3, consistent branding not only improved visual presentation but also contributed to clearer strategic positioning.

Relational Innovation: Systematizing Customer Engagement

A notable transformation was observed in customer interaction practices. MSMEs moved from reactive and inconsistent responses toward structured engagement processes supported by simple CRM routines. This included faster response times, more consistent follow-ups, and improved tracking of customer interactions.

These changes illustrate relational innovation, where customer engagement evolved from an informal activity into a managed process. Importantly, this transformation did not rely on advanced CRM systems but on the standardization of interaction practices.

Cognitive Innovation: Embedding Data in Decision-Making

The adoption of KPI-based monitoring introduced a shift in decision-making processes. MSMEs began to evaluate content performance using engagement metrics, enabling them to make more informed and reflective decisions.

This transition represents cognitive innovation, where intuition-based decision-making was gradually complemented—and in some cases replaced—by data-driven reasoning. As reflected in Table 3, KPI monitoring provided a feedback mechanism that supported continuous learning and adaptation.

Micro-Level Evidence of Transformation

The qualitative evidence further illustrates how these transformations were experienced by MSME owners. As shown in Table 5, respondents consistently emphasized changes in routine, clarity, responsiveness, and strategic thinking.

Table 5. Illustrative Evidence from MSMEs

Innovation Dimension	Theme	Illustrative Evidence (Excerpt)
Process Innovation	Structured content planning	*"Previously, I posted whenever I had time; now I follow a content schedule."*
Organizational Innovation	Brand consistency	*"Now the colors and designs are consistent, so everything looks more professional."*
Relational Innovation	Systematic customer interaction	*"We respond to customers faster and follow up more consistently."*
Cognitive Innovation	Data-driven decision-making	*"Now we check insights before deciding what content to post."*

Integration of Innovation Dimensions

While the preliminary conceptual framework proposed the integration of branding, CRM, and KPI as key managerial components, the empirical findings refined this proposition by demonstrating how these elements interact through four interrelated innovation dimensions. Rather than operating independently, process, organizational, relational, and cognitive innovation collectively explain how structured social media management evolves into an integrated capability system. Process structuring

enabled branding consistency, which strengthened customer engagement and generated data for continuous decision-making. This iterative interaction extends the initial framework by specifying the mechanisms through which inclusive digital innovation is enacted within MSMEs.

Variation Across Cases

Although the four innovation dimensions were consistently identified across the cases, variation was observed in the pace and depth of their implementation. MSMEs with higher initial digital literacy adopted KPI-based decision-making more rapidly, whereas firms with lower digital readiness required longer adaptation periods before fully integrating structured management practices. These variations refine the proposed conceptual framework by suggesting that organizational readiness influences the implementation of structured social media management, although it does not alter the overall transformation pathway.

Overall, the findings suggest that the preliminary conceptual framework was not merely supported but further refined through empirical analysis. While branding, CRM, and KPI served as the initial analytical lenses, the thematic analysis revealed that their influence is enacted through four interconnected innovation dimensions—process, organizational, relational, and cognitive innovation. These dimensions provide a more nuanced explanation of how structured social media management functions as an inclusive digital innovation mechanism in Indonesian MSMEs.

Overall, the findings indicate that the preliminary conceptual framework was not merely supported but refined through empirical analysis. While branding, CRM, and KPI served as the initial analytical lenses, the thematic analysis demonstrated that their influence is enacted through four interconnected innovation dimensions—process, organizational, relational, and cognitive innovation. These dimensions provide a more comprehensive explanation of how structured social media management functions as an inclusive digital innovation mechanism within MSMEs.

Discussion

Structured Social Media Management as Inclusive Digital Innovation

Rather than simply confirming the preliminary conceptual framework, the findings refine it by explaining the mechanisms through which branding, CRM, and KPI collectively function as an integrated capability system. Building upon the preliminary framework presented in Figure 1, the thematic analysis demonstrates that these managerial components operate through four interconnected innovation dimensions that underpin inclusive digital innovation in MSMEs.

The findings advance a critical reframing of social media management—from a peripheral marketing activity to a core mechanism of inclusive digital innovation. As evidenced in Table 2, capability development in MSMEs did not arise from technological adoption per se, but from the reorganization of existing practices into structured routines. This challenges dominant digital transformation narratives that prioritize technological sophistication (Kraus et al., 2022), and instead supports a process-oriented view in which innovation is realized through managerial structuring and capability alignment (Ramadan et al., 2023).

Importantly, the integration of branding, CRM, and KPI forms a coherent managerial architecture, suggesting that digital innovation in MSMEs is less about tool acquisition and more about how existing tools are systematically configured. This finding extends prior work on data-driven innovation (Sultana et al., 2022) by demonstrating that even basic digital infrastructures can generate innovation outcomes when embedded within structured practices.

From Fragmented Practices to Systemic Capability Formation

A central contribution of this study lies in addressing the fragmentation of constructs in existing literature. While prior studies treat social media capabilities, branding, customer engagement, and CRM as distinct domains (Dwivedi et al., 2021; Lim & Rasul, 2022; Perez-Vega et al., 2022), the transformation

patterns in Table 5 reveal that meaningful change occurs only when these elements operate as an integrated system.

The shift from unsystematic to structured practices illustrates the development of an integrated capability system, where each component reinforces the others. Process innovation (content planning) stabilizes operations, enabling organizational innovation (brand consistency), which enhances relational engagement, and ultimately supports cognitive innovation (data-driven decision-making). This interdependence indicates that digital capabilities in MSMEs are not modular but cumulative and path-dependent.

By specifying these internal linkages, the study deepens prior empirical findings that connect social media use to performance outcomes (Cao & Weerawardena, 2023; Belitski & Rejeb, 2022), offering a clearer explanation of how such outcomes are generated within resource-constrained firms.

Microfoundations of Innovation: Evidence from MSME Practices

The qualitative evidence presented in Table 4 provides insight into the microfoundations of innovation, highlighting how change is enacted at the level of everyday practices. Rather than relying on advanced systems, MSMEs developed relational and cognitive capabilities through the routinization of simple actions—such as consistent response protocols and regular monitoring of engagement metrics.

This supports the dynamic capability perspective, which emphasizes routines as the building blocks of organizational capability (Wang & Kim, 2017), while extending it by demonstrating that such routines can be externally facilitated through structured interventions. The evolution toward social CRM (Perez-Vega et al., 2022) is thus not driven by technological infrastructure, but by the formalization of interaction practices.

Moreover, cognitive innovation, evidenced by the shift toward KPI-based decision-making, suggests that data-driven capability in MSMEs does not require advanced analytics. Instead, the consistent use of basic engagement metrics is sufficient to reshape managerial cognition. This finding challenges assumptions in the literature that equate data-driven decision-making with technological complexity, offering a more accessible model of cognitive upgrading.

Reconceptualizing Customer Engagement as a Managerial Outcome

The findings also contribute to engagement theory by reframing customer engagement as an outcome of managerial structuring, rather than mere platform activity. While prior studies establish the importance of engagement for performance (Matosas-López, 2024; Srivastava et al., 2025), the transformation patterns in Table 3 demonstrate that engagement improves when firms structure how they communicate, respond, and present their brand.

This suggests that engagement is not simply a function of content frequency or platform presence, but of consistency, responsiveness, and coherence—all of which are outcomes of integrated social media management. In this sense, the study bridges the gap between engagement theory and managerial practice, providing a more actionable understanding of how engagement is generated in MSMEs.

Toward Sustainable Entrepreneurial Transformation

The integration of process, organizational, relational, and cognitive innovation indicates that structured social media management contributes to broader entrepreneurial transformation, rather than isolated improvements in digital performance. As MSMEs adopt structured practices, they develop greater strategic clarity, operational consistency, and adaptive capacity—key elements of long-term sustainability.

This aligns with research linking innovation to sustainable competitive advantage in SMEs (Baby et al., 2025) and the role of organizational practices in shaping innovation outcomes (Srisathan et al., 2020). However, the present study extends this literature by identifying a practical and scalable pathway through which such transformation can occur in resource-constrained settings.

The Indonesian context further enhances the relevance of these findings for ASEAN economies, where MSMEs face similar structural challenges. The results suggest that structured social media management provides a context-sensitive model of inclusive digital upgrading, supporting sustainable entrepreneurial growth without reliance on high-cost technological solutions.

Theoretical Contribution

This study makes three primary theoretical contributions. First, it advances the concept of inclusive digital innovation by demonstrating that innovation can emerge from structured managerial practices rather than technological advancement. Second, it integrates previously fragmented constructs—branding, CRM, and KPI—into a unified capability system, providing a more holistic understanding of digital capability formation in MSMEs. Third, it contributes to the microfoundations literature by explaining how innovation is enacted through routinized practices at the firm level.

Collectively, these contributions extend existing research on digital transformation, social media capabilities, and entrepreneurship by offering a more integrated, mechanism-based, and contextually grounded framework for understanding innovation in MSMEs.

CONCLUSION

This study demonstrates that meaningful digital transformation in Indonesian MSMEs can be achieved not through advanced technologies, but through the structuring of everyday social media practices. Drawing on qualitative evidence from 36 MSMEs, the findings show that integrating branding, CRM, and KPI-based analytics produces a coherent managerial system that shifts firms from fragmented, reactive use of social media toward planned, consistent, and data-informed operations.

The transformation unfolds through four interrelated dimensions—process, organizational, relational, and cognitive innovation—indicating that capability development is systemic and cumulative. Process structuring enables brand consistency; consistent branding strengthens customer engagement; structured interaction generates usable data; and KPI monitoring embeds data in decision-making. Together, these mechanisms convert widely accessible platforms into capability-building infrastructures.

By reframing social media management as inclusive digital innovation, this study extends the digital transformation literature beyond technology-centric perspectives and specifies the managerial configuration through which performance gains are realized. The evidence suggests that MSMEs can achieve sustainable improvements in strategic clarity, customer trust, and operational resilience using low-cost, scalable practices.

Although empirically grounded in Indonesia, the insights have analytical relevance for ASEAN contexts characterized by similar resource constraints and uneven digital maturity. Overall, the study offers a practical and theoretically grounded pathway for sustainable entrepreneurial transformation: structuring social media management into an integrated system that is accessible, repeatable, and effective for MSMEs.

Recommendations

Managerial Recommendations (for MSMEs)

First, MSMEs should reposition social media from a promotional tool to a structured managerial system. This requires formalizing three core elements: clear brand guidelines (visual identity, tone, messaging), simple CRM routines (response time standards, follow-up protocols, basic customer records), and regular KPI tracking (reach, engagement, conversion proxies). The emphasis is on consistency and discipline rather than sophisticated tools. Second, firms are advised to adopt content planning cycles

(weekly/monthly calendars) aligned with business objectives. This reduces ad hoc decision-making, stabilizes output quality, and improves coordination across promotions and campaigns.

Third, MSMEs should institutionalize basic data-informed decision-making. Routine review of platform insights and simple A/B comparisons (e.g., format, timing, message) can guide iterative improvement without requiring advanced analytics. Fourth, assign clear ownership of social media management. Even in small teams, one accountable person supported by guidelines and checklists can significantly improve responsiveness and consistency.

Policy and Programmatic Recommendations

Public agencies and development programs should shift from a technology-adoption focus to capability-building interventions. Training should prioritize practical skills in branding, CRM routines, and KPI interpretation, delivered through hands-on, project-based formats rather than tool-centric workshops. Second, scale university–industry collaboration models that provide direct assistance to MSMEs in building brand guidelines, content systems, and CRM practices. These interventions are low-cost, replicable, and have demonstrated high applicability. Third, develop and disseminate standardized toolkits for MSMEs, including templates for brand guidelines, content calendars, customer interaction scripts, and KPI dashboards. Such toolkits lower entry barriers and enable rapid adoption. Fourth, foster peer-learning ecosystems (clusters/communities of practice) where MSMEs can share benchmarks, exchange tactics, and sustain capability development beyond initial programs.

ASEAN-Level Implications

At the regional level, digital transformation initiatives should emphasize inclusive pathways that are accessible to resource-constrained MSMEs. Policies should leverage ubiquitous platforms (e.g., social media) as primary infrastructure for capability upgrading, rather than relying solely on high-cost technologies.

ASEAN cooperation can support cross-country knowledge transfer, standard-setting, and dissemination of best practices in structured social media management, enabling scalable adoption across diverse contexts.

Future Research

Future studies should extend this work through multi-country ASEAN comparisons to assess contextual differences and generalizability. Quantitative studies can test the relationships between structured social media management and performance outcomes, while longitudinal designs can examine the persistence of capability gains over time.

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