



Research Article

# The Effect of Marketing and Business Capital Digitalization on MSME Performance in Ambon City: Multiple Regression Analysis Approach

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**Abstract:** Micro, Small, and Medium Enterprises (MSMEs) constitute the backbone of Indonesia's national economy, contributing approximately 61% of GDP and absorbing 97% of the total workforce; however, the majority of MSME actors, particularly in eastern Indonesia, continue to face structural barriers in digital technology adoption and capital access that constrain optimal business performance. This study aims to analyze the partial and simultaneous effects of marketing digitalization and business capital on MSME performance in Ambon City. A quantitative approach with associative-causal design was employed, involving 30 respondents selected through purposive sampling from active MSME operators in Ambon City. Data were collected via a five-point Likert scale questionnaire and analyzed using multiple linear regression with IBM SPSS version 26, preceded by validity, reliability, and classical assumption tests. Results demonstrate that marketing digitalization exerts a positive and significant partial effect on MSME performance ( $t = 8.060$ ;  $\text{sig.} = 0.000$ ;  $\beta = 1.061$ ), establishing it as the most dominant predictor in the model. Conversely, business capital shows no significant partial effect ( $t = 0.746$ ;  $\text{sig.} = 0.462$ ), attributable to the homogeneity of capital access among MSME actors in archipelagic regions. Simultaneously, both variables significantly influence MSME performance ( $F = 287.070$ ;  $\text{sig.} = 0.000$ ), with an exceptionally high R Square of 0.955, indicating that 95.5% of performance variance is collectively explained by the two predictors. These findings underscore the critical role of digital marketing capabilities over financial resources alone in archipelagic contexts. It is recommended that the Ambon City Government integrate digital marketing literacy training programs synergistically with inclusive financing schemes to comprehensively strengthen MSME competitiveness across the Maluku archipelago.

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## 1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play an inescapable role in Indonesia's economic structure. Based on data from the Ministry of Cooperatives and SMEs, the number of MSME actors in Indonesia in 2023 has reached more than 66 million business units, contributing around 61% to the national Gross Domestic Product (GDP) worth IDR 9,580 trillion, and absorbing around 97% of the total national workforce. This large contribution makes MSMEs the backbone of the nation's economy, including in the eastern region of Indonesia such as Ambon City, which relies on MSMEs as the main driver of local economic activities. However, despite this large contribution, the majority of MSME actors are still faced with a number of structural obstacles, especially in terms of the adoption of digital technology and limited business capital that hinder the optimization of their overall business performance.

In an increasingly competitive and digitally connected business landscape, *Digitizing Marketing* or *Digital Marketing* become a strategic instrument that can no longer be negotiated by MSME actors. Platform utilization *E-commerce*, social media, and various internet-based marketing channels have proven to be able to expand market reach while significantly reducing marketing costs. Research conducted by . Sharabati et al. (2024) in journals *Sustainability* confirms that the *Digital Marketing* positive and significant effect on the performance of small and medium enterprises, with *Customer Engagement* Digital channels are empirically proven to encourage improvement in the company's financial performance. In line with that, Deku et al. (2024) Through research in *Asia Pacific Journal of Innovation and Entrepreneurship* affirms that adoption *Digital Marketing Tools* significantly increase the productivity of MSMEs in developing countries, with technology orientation and customer relationship management as variables that strengthen these relationships.

At the national level, Sultoni et al. (2022) in *International Journal of Data and Network Science* found that *Digital Marketing* have a positive and significant effect on the marketing performance of MSMEs in Indonesia, especially in the Madura region. The findings strengthen the argument that the adoption of digital marketing strategies is not only relevant for MSMEs in industrial centers, but also for MSMEs operating in areas with limited infrastructure. However, data from the Central Statistics Agency (BPS) in 2023 shows that only around 24.5% of Indonesian MSMEs are optimally connected to digital platforms. This condition reflects the still wide gap between potential and realization of utilization *Digital Marketing* among MSME actors, including in Ambon City as a city that is transforming towards a digital economy ecosystem.

In addition to marketing digitalization, business capital is another determining factor that also determines the performance capacity of MSMEs. The availability of adequate capital allows businesses to invest in production equipment, capacity expansion, labor recruitment, and product innovation development. Pramesti et al. (2024) in his research on MSMEs in Denpasar City found that business capital together with *Digital Marketing* and financial literacy simultaneously affects business sustainability. Meanwhile, Haliza et al. (2024) in *Journal of Information Systems Management Economics* found that digitalization and entrepreneurship training together have a positive impact on the business performance of MSMEs in Jakarta, indicating that there is a synergy between capital capacity and digital capabilities in improving business performance.

Although a number of studies have proven the relationship between *digital marketing* and business capital on the performance of MSMEs, there is a significant research gap. First, almost all existing studies focus on the context of MSMEs in Java Island or the western region of Indonesia, while empirical studies based on primary data in the Eastern Indonesia region, especially Ambon City, are still very limited. Second, the majority of studies have examined the two variables separately, so they have not provided a comprehensive picture of their simultaneous influence on MSME performance in an integrated analytical framework. Third, the specific conditions of Ambon City which have geographical characteristics of the archipelago, digital infrastructure that is still developing, and distinctive socio-economic dynamics make this study have *its own novelty* that distinguishes it from previous studies.

Based on the above background, this study is formulated to answer three main questions, namely: (1) Does marketing digitalization have a significant effect on the performance of MSMEs in Ambon City? (2) Does business capital have a significant effect on the performance of MSMEs in Ambon City? and (3) Does the digitalization of marketing and business capital simultaneously have a significant effect on the performance of MSMEs in Ambon City? The purpose of this study is to analyze the influence of marketing digitalization on the performance of MSMEs, analyze the influence of business capital on the performance of MSMEs, and analyze the influence of the two together on the performance of MSMEs in Ambon City using a multiple regression analysis approach. Theoretically, this research is expected to be able to enrich the treasure of MSME management literature based on the context of the Eastern Indonesia region. Practically, the findings of this study can be a reference for local governments in designing policies to strengthen MSMEs that are more contextual, directed, and based on empirical evidence.

## 2. Preliminaries or Related Work or Literature Review

### MSME Performance

Business performance in micro, small, and medium entities is a representation of the extent to which a business unit is able to achieve its strategic targets in the dimensions of sales growth, profitability, operational efficiency, and customer satisfaction in a certain time frame. The achievement of optimal performance is not solely determined by the availability of financial resources, but also by the adaptive capabilities of business actors to the dynamics of the changing business environment. Alonzo et al. (2025) emphasized that comprehensive resource optimization, which includes *both tangible and intangible* dimensions, is a fundamental prerequisite for sustainable improvement of MSME performance. In the Indonesian context, MSMEs make a huge contribution to the national economic structure, so that strengthening the performance capacity of these business entities becomes a strategic and urgent policy agenda, especially in the Eastern Indonesia region which has different geographical and infrastructure characteristics from the western region.

### Digitalization of Marketing

*Digital marketing* or marketing digitalization refers to the overall efforts of business actors in utilizing internet-based platforms, social media, and ecosystems *E-commerce* as a strategic instrument to reach consumers, build brand image, and encourage more efficient increase in sales volume. Sharabati et al. (2024) prove that the strategy *Digital Marketing* have a positive and significant impact on the performance of small and medium enterprises, by *Customer Engagement* Digital channels are empirically proven to encourage the sustainable growth of the company's financial performance. In line with that, Deku et al. (2024) through studies in developing countries in the Asia Pacific region confirm that adoption *Digital Marketing Tools* significantly increase the productivity of MSMEs, with technology orientation and customer relationship management as variables that strengthen these relationships. In the national context, Sultoni et al. (2022) found that *Digital Marketing* have a positive and significant effect on the marketing performance of Indonesian MSMEs, confirming the relevance of adopting a digital strategy not only for businesses in industrial centers, but also for business actors in areas with limited infrastructure.

### Business Capital

Business capital is the entire financial resource used by business actors to finance their daily operations while supporting sustainable business capacity development, both from internal equity and external financing. The availability of adequate capital theoretically allows MSME actors to invest in production equipment, expand business capacity, recruit skilled workers, and develop competitive product innovations. Pramesti et al. (2024) in his research on MSMEs in Denpasar City found that business capital together with *Digital Marketing* and financial literacy simultaneously has a significant influence on business sustainability. However, a number of empirical studies indicate that in areas with a homogeneous distribution of access to capital, capital variations between business actors are not always able to create statistically measurable performance differentiation, so that non-financial capability factors appear more dominant as determinants of business performance.

### The Relationship between Marketing and Business Capital Digitalization on MSME Performance

The synergistic interaction between digitalization, marketing, and business capital forms the foundation of a comprehensive resource ecosystem for strengthening the performance of MSMEs in a sustainable manner. Haliza et al. (2024) proving that digitalization combined with strengthening entrepreneurial capacity together has a positive impact on MSME business performance, indicating that there is a synergy between digital capabilities and resource capacity in accelerating business performance. Pambreni & Ayu Sudari (2025) reinforcing this argument by showing that business digitalization comprehensively improves *Resilience* MSMEs through integrated resource optimization. Thus, the combination of the capabilities *Digital Marketing* high and sufficient business capital do not function independently, but complement each other in forming an optimal MSME performance trajectory, especially in archipelagic areas that have limited digital and financial infrastructure such as Ambon City.

### 3. Materials and Method

#### Types and Research Approaches

This study uses a quantitative approach with an associative-causal research design, which is a research directed to test and measure the strength of cause-and-effect relationships between two or more variables in a structured manner through inferential statistical testing. This approach was chosen because it is able to produce measurable, objective, and generalizable data on the population based on a representative sample (Scott, 2021). This study was specifically designed to analyze the influence of *Digitizing Marketing* ( $X_1$ ) and working capital ( $X_2$ ) as an independent variable to the performance of MSMEs ( $Y$ ) as a dependent variable. The data source used is primary data obtained directly from respondents through questionnaire instruments in the form of *Likert scale* with five levels of answers, ranging from strongly disagree to strongly agree. All statement items in the questionnaire were first tested for validity using correlation *Pearson Product Moment* and tested for reliability using coefficients *Cronbach's Alpha*, with a threshold value  $\alpha > 0.60$  as a reliable instrument indicator.

#### Population, Samples, and Sampling Techniques

The population in this study is all MSME actors who are registered and actively operating in Ambon City. Given the limited time and resources, this study determined the number of samples of 30 respondents selected using the *purposive sampling*, namely the selection of samples based on certain considerations and criteria that are relevant to the purpose of the research. The criteria set include: (1) MSME actors who have been running a business for at least one year, (2) have experience in using digital media for marketing purposes, and (3) are willing to provide honest and complete information through the questionnaire provided. Although the sample size is relatively small, a sample size of 30 units of analysis is considered to meet the minimum requirements in parametric statistical analysis, as it has been argued that multiple regression analysis can be validly performed if the research data are normally distributed and meet all the classical assumptions required (Alonzo et al., 2025).

#### Variable Operational Definitions

The operational definition of the variables is compiled to provide clear conceptual constraints on each variable measured in this study. Sultoni et al. (2022) emphasizing that the detailed operationalization of variables is an important foundation in ensuring the validity of constructs and measurement consistency in survey-based quantitative research. The following table presents the operational definitions of each variable along with their indicators and measurement scales.

**Table 1.** Operational Definition.

| Variable                                  | Operational Definition                                                                                                                                   | Indicator                                                                                                   | Scale  |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|--------|
| <i>Marketing Digitalization</i> ( $X_1$ ) | MSME actors' efforts to utilize digital platforms and internet technology as a medium for promotion, communication, and online product sales             | Social media usage, e-commerce management, digital promotion frequency, online customer outreach            | Likert |
| Working Capital ( $X_2$ )                 | The entire financial resources used by business actors in financing business operations and development, both sourced from their own capital and loans   | Amount of initial capital, access to sources of capital, adequacy of working capital, reinvestment ability  | Likert |
| MSME Performance ( $Y$ )                  | The level of achievement of business results measured in terms of sales growth, profitability, market share, and customer satisfaction in a given period | Increased sales turnover, customer growth, operational cost efficiency, customer satisfaction and retention | Likert |

#### Data Analysis Techniques

The analysis technique used in this study is multiple linear regression analysis (*Multiple linear regression*) with the help of IBM SPSS software version 26. Multiple regression analysis is used to test how much influence two or more independent variables have on a single dependent variable partially or simultaneously (Deku et al., 2024). The regression equation model used is:  $Y = a + b_1X_1 + b_2X_2 + e$ , where  $Y$  is the performance of MSMEs,  $X_1$  is *Digitizing Marketing*,  $X_2$  is the working capital,  $A$  is constant,  $B_1$  and  $b_2$  is the regression coefficient, and  $e$  is *Error Term*. Before the hypothesis test is carried out, a classical assumption test is first carried out which includes a normality test using *Kolmogorov-Smirnov test*,

multicollinearity test through the value of *Variance Inflation Factor* (VIF), as well as heteroscedasticity test with the *Glejser*. Hypothesis testing was carried out through a partial test (t-test) to test the influence of each independent variable, a simultaneous test (F test) to test the influence together, and a determination coefficient ( $R^2$ ) to measure the proportion of MSME performance variations that could be explained by the two independent variables in this research model.

## 4. Results and Discussion

### Description of Respondent Characteristics

This study involved 30 respondents of active MSME actors in Ambon City who were selected using purposive sampling techniques. An overview of respondent characteristics is presented in Table 2 below.

**Table 2.** Respondent Characteristics.

| Characteristics     | Categories        | Frequency | Percentage (%) |
|---------------------|-------------------|-----------|----------------|
| Gender              | Male              | 17        | 56,7           |
|                     | Women             | 13        | 43,3           |
| Age                 | < 25 years old    | 4         | 13,3           |
|                     | 25–35 years old   | 11        | 36,7           |
|                     | 36–45 years old   | 10        | 33,3           |
|                     | > 45 years old    | 5         | 16,7           |
|                     |                   |           |                |
| Long Term of Effort | 1–2 years         | 7         | 23,3           |
|                     | 3–5 years         | 14        | 46,7           |
|                     | > 5 years         | 9         | 30             |
| Type of Business    | Trade             | 13        | 43,3           |
|                     | Culinary/Food     | 9         | 30             |
|                     | Crafts/Production | 5         | 16,7           |
|                     | Services          | 3         | 10             |

Respondents were dominated by male business actors (56.7%) with the largest age group in the range of 25-35 years (36.7%), reflecting that the majority of MSME actors in Ambon City are at a productive age that is relatively adaptive to digital technology. In terms of business age, most respondents have been operating for 3-5 years (46.7%), indicating adequate business experience maturity. The trade sector dominates with a proportion of 43.3%, followed by the culinary sector at 30.0%.

### Validity and Reliability Tests

The results of the validity test using Pearson Product Moment correlation showed that all statement items in the three variables had a calculated  $r$  value far exceeding the  $r$  of the table (0.361) at  $n = 30$  with a significance level of 5%. The value of the calculation of the marketing digitization variable items ranged from 0.798 to 0.967, the business capital item ranged from 0.868 to 0.943, and the MSME performance item ranged from 0.893 to 0.992, so that all items were declared valid. The results of the reliability test using Cronbach's Alpha produced a value of 0.901 for the marketing digitization variable ( $X_1$ ), 0.911 for business capital ( $X_2$ ), and 0.971 for MSME performance ( $Y$ ). All of these values far exceeded the threshold limit of 0.60, so the instrument was declared very reliable and suitable for use in further testing.

### Classical Assumption Test

Table 3 presents a summary of the results of the classical assumption test as a prerequisite for the use of multiple linear regression analysis.

**Table 3.** Classical Assumption Test Results.

| Test               | Method             | Results                                | Remarks                                    |
|--------------------|--------------------|----------------------------------------|--------------------------------------------|
| Normality          | Kolmogorov-Smirnov | Sig. 0.378                             | Normally distributed (sig. > 0.05)         |
| Multicollinearity  | VIVID              | VIF $X_1$ = 7,484; LIFE $X_2$ = 7,484  | No multicollinearity occurs (VIF < 10)     |
| Heteroscedasticity | Glejser            | Sig. $X_1$ = 0.214; sig. $X_2$ = 0.267 | No heteroscedasticity occurs (sig. > 0.05) |

The Kolmogorov-Smirnov normality test yielded a significance value of 0.378 that far exceeded 0.05, so that the residual model was declared to be normally distributed. The VIF value of the two independent variables of 7.484 is still below the limit of 10, so there are no alarming symptoms of multicollinearity, although there is a fairly strong correlation between independent variables. The Glejser test yielded a significance value above 0.05 for both variables, proving the absence of heteroscedasticity in the model. With the fulfillment of all classical assumptions, the regression model is declared worthy of interpretation.

### Multiple Linear Regression Analysis

Table 4 presents the results of the estimation of multiple linear regression coefficients based on the processed data of 30 respondents.

**Table 4.** Results of Multiple Linear Regression Analysis.

| Variable                           | Coefficient (B) | Std. Error | t count | Sig.  |
|------------------------------------|-----------------|------------|---------|-------|
| Constant                           | -2,412          | 0,771      | -3,129  | 0,004 |
| Marketing Digitalization ( $X_1$ ) | 1,061           | 0,132      | 8,06    | 0     |
| Working Capital ( $X_2$ )          | 0,108           | 0,144      | 0,746   | 0,462 |

Based on the table, the regression equation formed is  $Y = -2.412 + 1.061X_1 + 0.108X_2$ . A constant value of -2.412 indicates that without the contribution of marketing digitalization and business capital, the performance of MSMEs on average is at a negative value, which suggests that these two variables are indeed crucial determinants for business performance. The regression coefficient of marketing digitalization of 1.061 shows that every one unit increase in marketing digitalization will encourage an increase in MSME performance by 1.061 units assuming other variables are constant. Meanwhile, the business capital coefficient of 0.108 indicates a smaller influence in magnitude, namely that each addition of one unit of business capital contributes to an increase in the performance of MSMEs by 0.108 units.

### Partial Hypothesis Test (t-test)

Based on Table 3, the results of the t-test show that the marketing digitization variable ( $X_1$ ) obtained a calculated t-value of 8.060 with a significance of 0.000 (< 0.05). Considering  $t_{\text{calculated}} (8,060) > t_{\text{table}} (2,048)$  at  $df = 27$ ,  $H_1$  is accepted, which means that marketing digitalization has a positive and partially significant effect on the performance of MSMEs in Ambon City. In contrast, the variable of working capital ( $X_2$ ) yields a calculated t of 0.746 with a significance of 0.462 (> 0.05), smaller than the t table (2.048), so  $H_2$  is rejected. These results indicate that partially business capital does not have a significant effect on the performance of MSMEs in Ambon City in this study, which may reflect the condition that the limitation and uniformity of access to capital among MSME actors in archipelagic areas such as Ambon City cause capital variations to be not strong enough to distinguish the level of business performance statistically.

**Simultaneous Hypothesis Test (F Test) and Coefficient of Determination (R<sup>2</sup>)**

Table 5 presents the results of the F test and the determination coefficient in an integrated manner.

**Table 5.** F Test Results and Coefficient of Determination.

| Source of Variation | Sum of Squares  | df                            | Mean Square       | F count | Sig.  |
|---------------------|-----------------|-------------------------------|-------------------|---------|-------|
| Regression          | 244,661         | 2                             | 122,331           | 287,07  | 0,000 |
| Residual            | 11,506          | 27                            | 0,426             |         |       |
| Total               | 256,167         | 29                            |                   |         |       |
| <b>R</b>            | <b>R Square</b> | <b>Adjusted R<sup>2</sup></b> | <b>Std. Error</b> |         |       |
| 0,977               | 0,955           | 0,952                         | 0,653             |         |       |

The results of the F test resulted in an F count of 287.070 with a significance of 0.000 ( $< 0.05$ ) and far exceeded the F of the table (3.35), so  $H_3$  was accepted. This means that digitalization of marketing and business capital simultaneously has a positive and significant effect on the performance of MSMEs in Ambon City. The R Square value of 0.955 is a very strong finding, indicating that 95.5% of the variation in MSME performance can be explained together by the two variables. The Adjusted R Square value of 0.952 which is close to the R Square confirms that this model is very fit and stable. Only 4.5% of the variation in MSME performance was influenced by other factors outside the model, such as the quality of human resources, the condition of local infrastructure in Ambon City, and the dynamics of business competition in the archipelago.

**5. Comparison****The Influence of Marketing Digitalization on MSME Performance in Ambon City**

The results of the first hypothesis test confirm that marketing digitalization has a positive and partially significant effect on the performance of MSMEs in Ambon City. Value  $t_{count}$  by 8,060 which exceeded  $t_{table}$  (2.048) with a significance of 0.000 is very strong statistical evidence for the acceptance of  $H_1$ . The regression coefficient of 1.061 contains a substantive meaning that every one unit increase in the intensity of marketing digitalization will drive an increase in MSME performance by 1.061 units, making it the most dominant variable in the model. These findings are in line with research results Hehanussa et al. (2022) which proves that digital marketing strategies have a positive and significant effect on the performance of MSMEs in the food sector in Ambon City, both directly and through competitive advantage as a mediation variable. Gainau et al. (2026) strengthening the consistency of these findings by showing that the utilization of digital-based financial technology components such as *cashless payment* and *Market Aggregators* substantially boosting the performance of micro businesses in the same region. In a broader perspective, Shakpuytri & Rahayu (2024) found that digital marketing is based on *E-commerce* have a significant and positive effect on the performance of MSMEs in Bandar Lampung City, confirming that a similar pattern applies across regions in Indonesia. Gainau et al. (2026) specifically emphasizes that in the context of archipelagos such as Ambon City, the use of social media and platforms *E-commerce* proven to significantly expand market reach at both the local and national levels. Furthermore, (Leatemia et al., 2024) provides a complementary perspective that the development of knowledge and technology-based capabilities in SMEs in Ambon City has been proven to contribute to improving business performance through strengthening competitive advantage, which implicitly emphasizes that the adoption of marketing digitalization as a form of technology-based capability is a relevant strategic path to boost the competitiveness and performance of MSMEs in the same region. Compared to these studies, this study produces a larger coefficient of influence, indicating that in the current context of MSMEs in Ambon City, marketing digitalization has transformed into a crucial and irreplaceable determining factor in shaping the overall business performance trajectory.

**The Influence of Business Capital on the Performance of MSMEs in Ambon City**

The second hypothesis test produced findings that are empirically interesting as well as contradictory to most of the existing literature, namely that business capital is proven to have no significant effect on the performance of MSMEs in Ambon City. Value  $t_{count}$  of 0.746 which is far below  $t_{table}$  (2.048) with a significance of 0.462 being the basis for the rejection of  $H_2$ . Although the regression coefficient indicates a positive direction of 0.108, it is not statistically strong enough to be significant. This phenomenon can be explained through the

structural condition of MSMEs in the archipelago, where the limitation and homogeneity of access to capital causes capital variations between business actors to be unable to create statistically measurable performance differentiations. These findings are consistent with the results of the research Gainau et al. (2026) which also found that financial inclusion has no significant effect on the performance of MSMEs in Ambon City, reinforcing the suspicion that access to formal financing has not yet functioned as an effective differentiating factor in the region. However, these findings differ diametrically from the results of the study (Deku et al., 2024) which proves that financial capital has a positive and significant effect on the performance of MSMEs in Kupang City with a determination contribution of 35.9 percent, and (Amelina & Rahmawati, 2025) who found a significant influence of business capital on the competitiveness of MSMEs in Tambakmas Village, and (Syakur & Alijoyo, 2024) which confirms the significant influence of business capital on MSME income in Sukabumi City. These differences in results are most likely due to differences in geographical context and the degree of heterogeneity of capital distribution between respondents in each study. (Thalia et al., 2024) in a different context, it provides a relevant perspective that the internal resource factors of a business entity, including environmental conditions and organizational capabilities, have a more dominant influence on performance compared to the availability of financial resources alone, which analogously strengthens the argument that in MSMEs in Ambon City, non-financial capabilities such as marketing digitalization are actually more determinative than business capital in driving performance. This condition confirms that in the context of Ambon City which has the characteristics of an archipelago with limited financial infrastructure, business capital alone is not enough to be an effective performance driver without being balanced with adequate digital and managerial capabilities.

#### **The Simultaneous Influence of Marketing and Business Capital Digitalization on MSME Performance in Ambon City**

Testing the third hypothesis through the F test yields a value *F count* of 287,070 which is statistically significant, exceeding *F Table* (3.35) with a probability of 0.000, so that  $H_3$  accepted and proven that digitalization of marketing and business capital simultaneously has a positive and significant effect on the performance of MSMEs in Ambon City. Value *R Square* 0.955 is an extraordinarily strong achievement, meaning that 95.5 percent of the variation in MSME performance can be explained collectively by the two independent variables, while only the remaining 4.5 percent is influenced by factors outside the model such as the quality of human resources, local infrastructure conditions, and the dynamics of business competition in the archipelago. Value *Adjusted R Square* by 0.952 which is close to *R Square* confirms that this model is very *fit*, stable, and not experienced *Overfitting* although it uses a relatively limited sample. This achievement goes far beyond the findings (Syakur & Alijoyo, 2024) who reported a determination coefficient of 82 percent, and (Deku et al., 2024) which only obtained a determination value of 35.9 percent, indicating that in the specific context of Ambon City MSMEs, the two variables studied have a very high predictive power on business performance. (Pambreni & Ayu Sudari, 2025) strengthening the relevance of these findings by proving that business digitalization comprehensively increases the resilience of MSMEs post-pandemic through integrated resource optimization. (Anthon et al., 2021) provides a complementary perspective that innovation in the entrepreneurial marketing process has been proven to significantly improve financial performance, which is relevant to the context of marketing digitalization as a form of strategic innovation. (Alonzo et al., 2025) also emphasized that the optimization of resources as a whole, including the *Tangible* or *Intangible*, is a fundamental prerequisite for sustainable improvement of MSME performance, in line with the findings of this study which proves that the combination of marketing digitalization and business capital together forms a comprehensive resource ecosystem. (Gainau et al., 2026) also strengthens this argument by emphasizing that the synergy between various strategic capabilities of SMEs in Ambon City, including technology-based capabilities and competitive advantages, has proven to contribute significantly to simultaneous performance improvements. Overall, these findings confirm that the synergy between high digital marketing capabilities and sufficient business capital forms a solid strategic foundation for strengthening the performance of MSMEs in Ambon City, with policy implications that lead to the importance of digital literacy training programs that are integrated with inclusive financing schemes for all levels of business actors in the Maluku archipelago region.

## 6. Conclusion

This study proves that *marketing digitalization* has a positive and partially significant effect on the performance of MSMEs in Ambon City ( $t_{count} = 8,060$ ;  $sig. = 0.000$ ), with a regression coefficient of 1.061 making it the most dominant variable in the model. On the other hand, working capital had no significant effect partially ( $t_{calculated} = 0.746$ ;  $sig. = 0.462$ ), which reflects the homogeneity of access to capital in the archipelago. Simultaneously, the two variables had a significant effect on the performance of MSMEs with an *R Square value* of 0.955. The theoretical implications of this study emphasize the importance of integrating *digital marketing capabilities* in the policy framework of strengthening MSMEs in the Eastern Indonesia region. The limitations of the study include relatively limited sample size ( $n = 30$ ), limited area coverage, and the lack of *inclusion of human capital* variables, quality of human resources, and local infrastructure conditions as additional explanatory factors. The Ambon City Government is advised to design a *digital marketing literacy training program* that is synergistically integrated with an inclusive financing scheme, in order to strengthen the digital capabilities and capital of MSMEs simultaneously and sustainably. MSME actors need to actively optimize the use of *e-commerce platforms* and social media as a market expansion strategy to the national level. For future research, it is recommended to expand the scope of the sample *purposely* across sub-districts throughout Ambon City, add *mediating variables* such as *financial literacy* and *human capital*, and adopt a *mixed-methods* approach to gain a deeper and more comprehensive understanding of the dynamics of MSME performance in the Eastern Indonesia archipelago.

**Author Contributions:** A short paragraph specifying their individual contributions must be provided for research articles with several authors (**mandatory for more than 1 author**). The following statements should be used "Conceptualization: X.X. and Y.Y.; Methodology: X.X.; Software: X.X.; Validation: X.X., Y.Y. and Z.Z.; Formal analysis: X.X.; Investigation: X.X.; Resources: X.X.; Data curation: X.X.; Writing—original draft preparation: X.X.; Writing—review and editing: X.X.; Visualization: X.X.; Supervision: X.X.; Project administration: X.X.; Funding acquisition: Y.Y."

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**Data Availability Statement:** We encourage all authors of articles published in FAITH journals to share their research data. This section provides details regarding where data supporting reported results can be found, including links to publicly archived datasets analyzed or generated during the study. Where no new data were created or data unavailable due to privacy or ethical restrictions, a statement is still required.

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