


## Goes To Competitiveness SMEs With Digital Leadership

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Article Info	ABSTRACT
<b>Keywords:</b> Digital Leadership, Competitiveness, SMEs	This research investigates the relationship between digital leadership and Small and Medium Enterprises (SMEs) competitiveness. In an ever-evolving digital era, digital leadership becomes increasingly crucial for SMEs in enhancing their competitiveness in a highly competitive global market. This article presents the findings of an analysis based on surveys conducted among a sample of SMEs and relevant literature review to elucidate the impact of digital leadership on SME competitiveness
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### INTRODUCTION

In the era of globalization and advances in information technology, Micro, Small and Medium Enterprises (MSMEs) face increasingly complex challenges. They have to compete with big companies and face fast market changes. Amid the rapid development of digital technology, digital leadership is essential in increasing MSMEs' competitiveness. Digital leadership refers to the ability of leaders to adopt and utilize digital technology to increase effectiveness, efficiency and innovation within the organization. Implementing a digital leadership strategy can assist MSMEs in adapting to technological changes and optimize broader market potential.

A research conducted by Anderson and Sohal (2019) shows that digital leadership positively impacts organizational performance. They found that organizations with leaders who can direct digital transformation effectively can achieve competitive advantage and better growth. However, despite the importance of digital leadership in increasing the competitiveness of MSMEs, there is still limited research specifically exploring this relationship. Therefore, this study aims to fill this knowledge gap by investigating the relationship between digital leadership and the competitiveness of MSMEs

### METHOD

This research employs a survey method, utilizing questionnaires administered to SMEs owners in Banten Province, Indonesia. The questionnaire comprises questions about the digital leadership strategies employed, the utilization of digital technologies, their influence on productivity and innovation, and the level of SME competitiveness. The data obtained from the questionnaires are then analyzed using descriptive statistical methods and regression analysis.

## RESULT AND DISCUSSION

**Digital Leadership and Operational Efficiency of SMEs:** Digital leadership can help SMEs enhance their operational efficiency by adopting appropriate digital technologies. For instance, supply chain management software can assist SMEs in optimizing raw material procurement, product delivery, and inventory management more efficiently. Research by Choudhury and Sabherwal (2014) suggests that leaders focused on digital technologies tend to allocate resources effectively and optimize SME operational processes.

**Digital Leadership and Innovation in SMEs:** Leaders who encourage the adoption of digital technologies within SMEs can stimulate innovation. Implementing digital collaboration tools and facilitating effective communication among team members can foster new ideas and creativity. According to a report by McKinsey Quarterly (Bughin et al., 2018), organizations with strong digital leadership are more likely to witness increased innovation and competitive advantage.

**Digital Leadership and SME Marketing:** Digital technologies provide new opportunities for SMEs to enhance their marketing and promotional efforts. Leaders with a good understanding of digital marketing strategies can help SMEs leverage social media, websites, and other digital marketing tools to reach a wider audience and expand their market reach. Research by Anderson and Sohal (2019) supports these findings, indicating that organizations with effective digital leadership have better marketing capabilities and higher customer appeal.

This study used a survey method to collect data from MSMEs representing various industrial sectors. The data obtained was then analyzed using descriptive statistical methods and regression analysis to identify the relationship between digital leadership and the competitiveness of MSMEs. This study concludes that digital leadership has a vital role in increasing the competitiveness of MSMEs. MSMEs can improve operational efficiency by implementing an effective digital leadership strategy and the appropriate use of digital technology.

In addition, MSMEs can also expand their market reach and improve marketing capabilities through digital technology. By utilizing social media, websites and other digital marketing tools, MSMEs can reach potential consumers at the local and global levels. This allows them to expand market share and increase business growth. Previous research by Anderson and Sohal (2019) supports these findings, showing that effective digital leadership contributes to increased customer engagement and organizational growth.

However, MSMEs need to face challenges in adopting digital leadership. Some challenges may include lack of technological accessibility, limited resources, and lack of understanding or digital skills among MSME owners. Therefore, support from the government, educational institutions and related organizations is needed to provide the necessary training and resources so that MSMEs can optimize their digital leadership potential.

In order to increase the competitiveness of MSMEs through digital leadership, it is necessary to have policies and programs that encourage digital technology adoption, digital leadership education and training, and adequate accessibility of technology infrastructure.

With the proper support, MSMEs can develop a competitive advantage by implementing an effective digital leadership strategy.

Relationship between Digital Leadership and Level of Competitiveness: Correlation Coefficient: 0.672 and Significance:  $p < 0.05$ . Interpretation: There is a significant positive relationship between digital leadership and MSMEs' competitiveness level. The correlation coefficient of 0.672 indicates a strong relationship between the two variables. These results indicate that the more influential the digital leadership strategy implemented by MSMEs, the higher the level of competitiveness that they can achieve. Thus, it is proven that digital leadership plays a vital role in increasing the competitiveness of MSMEs. MSMEs that adopt effective digital leadership strategies have a better chance of succeeding and surviving in an increasingly digital business environment.

Based on the analysis of survey data collected from a sample of SMEs, it was found that digital leadership significantly impacts SME competitiveness. SMEs that adopt effective digital leadership strategies and optimize the use of digital technologies tend to have higher levels of competitiveness. Digital technologies enable SMEs to enhance operational efficiency, optimize supply chains, improve marketing and promotion efforts, and expand their market reach.

Moreover, digital leadership also contributes to increased productivity and innovation within SMEs. Proactive leadership in adopting digital technologies and fostering employee creativity and collaboration can stimulate innovation and create value-additions for SMEs. Conclusion: Digital leadership plays a crucial role in enhancing SME competitiveness. SMEs that embrace effective digital leadership strategies and optimize digital technologies have more significant opportunities for success and sustainability in an increasingly digital business environment. Digital leadership drives increased productivity, fosters innovation, and enables SMEs to harness broader market potential

## CONCLUSION

The literature reviewed indicates that digital leadership plays a crucial role in enhancing the competitiveness of SMEs. It enables SMEs to improve operational efficiency, foster innovation, and leverage digital marketing channels effectively. However, challenges related to technology access, resource limitations, and digital literacy must be addressed to facilitate the adoption of digital leadership within SMEs. Future research should focus on analyzing the effectiveness of digital leadership training programs, exploring the relationship between digital leadership and collaboration/creativity, and conducting comparative studies further to understand the impact of digital leadership on SME competitiveness

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