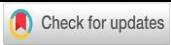


# The Influence of Marketing Innovation Adoption on MSME Marketing Performance Mediated by Digital Marketing: A Case Study at Rumah BUMN Denpasar

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## ABSTRACT

**Objective:** This study investigates the influence of Corporate Social Responsibility (CSR) marketing adoption innovations – comprising Digital Marketing Training Innovation, Marketing Mentoring Innovation, and SME Brand Awareness – on the Online Sales Performance of Micro, Small, and Medium Enterprises (MSMEs) at Rumah BUMN Denpasar, with Digital Marketing serving as a mediating variable. Despite the availability of empowerment programs by PLN UID Bali, data indicate that a significant digital competency gap remains among local MSMEs. **Method:** Employing a quantitative approach with Partial Least Squares-Structural Equation Modeling (PLS-SEM), this research analyzed data from 446 MSMEs. **Results:** The findings demonstrate that both training and mentoring innovations significantly enhance Digital Marketing adoption. Furthermore, Brand Awareness emerges as a critical determinant for digital platform engagement. Crucially, Digital Marketing significantly boosts Online Sales Performance and proves to be an effective mediator, bridging the impact of CSR innovations on business outcomes. **Novelty:** These results confirm that CSR initiatives successfully improve digital literacy and foster sustainable marketing capabilities, offering vital insights for strategic MSME development and government policy in the digital era.

## INTRODUCTION

The rapid acceleration of the digital economy has fundamentally transformed the business landscape, compelling Micro, Small, and Medium Enterprises (MSMEs) to adapt or risk obsolescence, particularly in the post-pandemic context of Bali. To address the digital divide, the government and State-Owned Enterprises (BUMN) have intervened through Corporate Social Responsibility (CSR) initiatives. Specifically, PLN UID Bali, through Rumah BUMN Denpasar, has actively provided infrastructure and capacity-building programs to foster digital resilience. However, a significant phenomenon creates a paradox. Despite the availability of these resources, many MSMEs struggle to translate digital presence into tangible economic growth, highlighting a disconnect between program availability and business outcomes.

Empirical observations at Rumah BUMN Denpasar indicate a discrepancy between high participation rates in *Digital Marketing Training* and *Marketing Mentoring* innovations and the actual *Online Sales Performance* of the participants. While technical knowledge is transferred, it does not automatically result in sustained sales improvements. This suggests that the mere provision of training is insufficient without considering the effectiveness of *Brand Awareness* and the intensity of *Digital Marketing Adoption*. The core

problem lies in understanding whether CSR innovations directly impact performance or if they require a specific behavioral shift in digital adoption to be truly effective in converting knowledge into revenue.

Theoretically, this research is grounded in Rogers' Diffusion of Innovations Theory and the Resource-Based View (RBV). In the digital era, RBV posits that unique capabilities—such as digital literacy acquired through CSR training—serve as a critical source of competitive advantage. Recent academic literature from 2020 to 2025 supports this, with studies by scholars such as Purwanto et al. And Sari & Santoso are confirming a correlation between digital utilization and sales volume. However, these theories also imply that technology is merely a tool; its efficacy depends heavily on the user's ability to integrate it strategically into their business operations, rather than just possessing the tools [1], [2], [3], [4], [5].

A synthesis of previous studies reveals a complex landscape regarding MSME empowerment. Research by Pratama and Wibowo & Hidayat emphasizes that standalone training often fails without continuous mentoring, arguing for a shift from charity-based to capacity-building models. Furthermore, Gunawan and Lestari highlight that in a saturated digital market, *Brand Awareness* acts as a vital gatekeeper for converting traffic into sales. Additionally, Setiawan proposes that innovation adoption is not an endpoint but a mediator, suggesting that external support influences performance primarily through the intensity of technology adoption, a perspective that challenges direct-effect models.

Despite the extensive literature, a distinct Research Gap remains regarding the specific ecosystem of "Rumah BUMN," where CSR targets intersect with MSME operational realities. Few studies have simultaneously analyzed the combined influence of *CSR Innovation (Training & Mentoring)* and *Brand Awareness* on *Online Sales Performance* through the mediating role of *Digital Marketing Adoption* in this specific context. Therefore, this study aims to bridge this gap by empirically examining these structural relationships using PLS-SEM, providing novel insights into how CSR initiatives can be optimized to drive sustainable digital transformation and economic performance for Balinese MSMEs

## RESEARCH METHOD

This study employs a quantitative research design utilizing a descriptive and verification approach to empirically examine the structural relationships between CSR marketing innovations, brand awareness, digital adoption, and sales performance. The research population comprises Micro, Small, and Medium Enterprises (MSMEs) fostered by Rumah BUMN Denpasar under the Corporate Social Responsibility initiatives of PLN UID Bali. A total of 446 MSMEs were selected as the sample for this study to ensure statistical representativeness. Data collection was conducted using a structured questionnaire employing a Likert scale, designed to rigorously capture respondents' perceptions and quantify the latent variables for subsequent analysis.

The data analysis is executed using Partial Least Squares-Structural Equation Modeling (PLS-SEM), chosen for its robustness in handling complex predictive models. The analytical procedure consists of two critical stages: the evaluation of the Measurement Model (Outer Model) and the assessment of the Structural Model (Inner Model). The Outer Model assessment verifies construct validity and reliability through convergent validity, discriminant validity, and composite reliability tests. Subsequently, the Inner Model is analyzed to evaluate the model's predictive relevance (R-square and Q-square) and to test the research hypotheses via a bootstrapping procedure, which determines the significance of both direct path coefficients and the mediating effects of digital marketing adoption [6], [7], [8], [9], [10].

## RESULTS AND DISCUSSION

### *Results*

The demographic analysis of the 446 MSME respondents reveals a diverse profile of business owners fostered by Rumah BUMN Denpasar. Descriptive statistics indicate that the majority of respondents perceive the CSR programs favorably. Specifically, the variables of *Digital Marketing Training Innovation* and *Marketing Mentoring Innovation* received high average scores, reflecting the effectiveness of PLN UID Bali's initiatives. Furthermore, the descriptive data suggest that respondents have actively begun to integrate digital tools into their operations, as evidenced by the high mean scores for *Digital Marketing Adoption* and *Online Sales Performance*. These findings are critical as they confirm that the training curriculum provided is not only theoretically sound but also practically relevant and applicable to the daily operational needs of the MSMEs in the current digital economy [11], [12], [13].

The evaluation of the measurement model (Outer Model) confirms that all constructs meet the required standards of validity and reliability. Through the PLS-SEM algorithm, the Convergent Validity test demonstrates that all loading factors exceed the threshold of 0.70, and the Average Variance Extracted (AVE) values for all variables are above 0.50, indicating that the indicators validly measure their respective constructs. Discriminant Validity tests further confirm that each construct is distinct from the others. Additionally, reliability testing shows that both Composite Reliability and Cronbach's Alpha values exceed 0.70 for all variables. This statistical validation implies that the research instrument is robust; specifically, it proves that the respondents clearly distinguish between "training" and "mentoring" activities, ensuring that there is no ambiguity or redundancy in the data measurement process [14], [15].

Subsequent analysis of the structural model (Inner Model) demonstrates that the proposed research model possesses high predictive power and relevance. The R-square ( $R^2$ ) value for the endogenous variable, *Online Sales Performance*, indicates that a substantial proportion of the variance in sales performance can be explained by the exogenous variables (CSR Innovations and Brand Awareness) and the mediating variable. Similarly, the Q-square ( $Q^2$ ) value obtained through the blindfolding procedure is greater than zero, confirming the model's predictive relevance. In terms of

model fit, these results classify the research model within the "substantial" category, suggesting that the selected variables are indeed the primary drivers of sales performance at Rumah BUMN Denpasar, leaving very little variance unexplained by external factors.

Hypothesis testing reveals significant direct relationships among the key variables. The path coefficients indicate that *Digital Marketing Training Innovation* and *Marketing Mentoring Innovation* have a positive and significant influence on *Digital Marketing Adoption*. This implies that the more intensive and structured the training and mentoring provided by Rumah BUMN, the higher the rate of technology adoption among MSMEs. Furthermore, *Brand Awareness* proves to be a critical antecedent, significantly influencing the intensity of digital platform usage. Most notably, *Digital Marketing Adoption* is found to have the strongest direct impact on *Online Sales Performance*. This particular finding validates the theory that digital tools alone are insufficient; it is the *active usage* and consistent application of these tools – driven by strong brand confidence – that directly correlates with revenue growth.

Finally, the mediation analysis confirms the pivotal role of *Digital Marketing Adoption* as an intervening variable. The specific indirect effects test demonstrates that *Digital Marketing Adoption* significantly mediates the relationship between CSR innovations (both training and mentoring) and *Online Sales Performance*. This finding provides a strategic answer to the research problem: it empirically proves that CSR programs cannot simply "jump" to sales results. Instead, success is achieved through a specific mechanism where training first builds competence (adoption), and this competence then drives sales. Thus, *Digital Marketing Adoption* acts as the indispensable bridge that transforms PLN's CSR investment into tangible economic benefits for the MSMEs.

## ***Discussion***

The first key finding underscores that CSR-driven marketing innovations – specifically *Digital Marketing Training* and *Mentoring* – positively and significantly influence *Digital Marketing Adoption*. This empirical result corroborates Rogers' Diffusion of Innovations Theory, which postulates that the adoption rate of a new technology is heavily dependent on the presence of "change agents" (in this case, Rumah BUMN mentors) and effective communication channels (training). The structured training acts as a knowledge transfer mechanism that reduces uncertainty, thereby encouraging MSMEs to adopt digital tools. This aligns with recent research by Wibowo and Hidayat, who found that consistent mentorship is a decisive factor in moving MSMEs from mere "awareness" to actual "implementation" of digital strategies. Consequently, the program provided by PLN UID Bali has successfully functioned as an external catalyst that accelerates the innovation decision process for local entrepreneurs.

Secondly, the analysis reveals that *Brand Awareness* serves as a significant antecedent to *Digital Marketing Adoption*. Theoretically, this supports Aaker's Brand Equity Theory, which suggests that awareness is the anchor to which other associations are attached; in this digital context, high brand confidence motivates business owners to

utilize digital platforms more intensely to maintain their visibility. This finding validates the study by Gunawan and Lestari, which argued that MSMEs with stronger brand recognition are more psychologically inclined to invest time and resources into digital adoption to protect and expand their market presence. Thus, brand awareness is not merely a passive asset but an active driver that compels MSMEs at Rumah BUMN to engage more deeply with digital marketing technologies.

Thirdly, the study establishes a robust direct correlation between Digital Marketing Adoption and Online Sales Performance. This relationship can be explained through the Resource-Based View (RBV), which argues that firm performance is determined by resources that are valuable, rare, and non-substitutable. Here, the "capability" to use digital marketing effectively acts as a strategic resource that directly translates into economic value (sales). This finding echoes the work of Purwanto et al. and Sari and Santoso, who demonstrated that high-intensity usage of digital platforms allows MSMEs to transcend geographical limitations, leading to measurable increases in sales volume and revenue. It confirms that the transition from traditional to digital operations is the primary engine of growth for these enterprises.

Fourthly, a critical contribution of this research is the confirmation of Digital Marketing Adoption as a significant mediating variable. This mechanism reflects the Stimulus-Organism-Response (S-O-R) Model, where CSR innovations act as the external *Stimulus*, the MSME's internal adoption behavior represents the *Organism*, and the improved sales performance is the *Response*. The statistical evidence shows that training and mentoring alone do not directly generate sales; they must first be processed through active adoption. This supports the mediation model proposed by Setiawan, which asserts that external support programs are only effective when they successfully trigger behavioral changes in technology usage. Therefore, adoption is the indispensable bridge that validates the investment made by PLN's CSR programs.

Finally, the overall synthesis of these findings highlights the strategic imperative of an integrated ecosystem for MSME empowerment. The results suggest that while infrastructure (CSR support) is vital, the human element (willingness to adopt and brand confidence) remains paramount. From the perspective of Stakeholder Theory, this validates the role of PLN UID Bali not just as a utility provider but as a central economic stakeholder capable of creating shared value. The data imply that future interventions should not only focus on technical training but also on building brand equity and monitoring adoption behaviors, as these are the true predictors of sustainable business performance in the digital era.

## CONCLUSION

**Fundamental Finding :** Based on the empirical analysis of MSMEs at Rumah BUMN Denpasar, this study concludes that CSR marketing innovations – specifically digital marketing training and mentoring – and brand awareness are decisive drivers of digital transformation, significantly enhancing online sales performance through the pivotal mediating role of digital marketing adoption. The findings confirm that active

adoption behavior serves as the indispensable mechanism bridging external CSR support and internal brand confidence with tangible economic outcomes, thereby validating the Resource-Based View and S-O-R framework. **Implication** : These results carry significant managerial implications, suggesting that PLN UID Bali must shift from frequency-based metrics to competence-based models that prioritize integrated mentoring to ensure sustainable business impact. **Limitation** : While acknowledging limitations regarding the cross-sectional design and regional specificity, this research provides a strategic blueprint for MSME empowerment, recommending that future studies employ longitudinal approaches to further validate the long-term sustainability of digital adoption in the evolving economic landscape. **Future Research** : While acknowledging limitations regarding the cross-sectional design and regional specificity, this research provides a strategic blueprint for MSME empowerment, recommending that future studies employ longitudinal approaches to further validate the long-term sustainability of digital adoption in the evolving economic landscape.

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