

# **Responding to Digital Disruption: Strategic Management Adaptation of Micro, Small, and Medium Enterprises (MSMEs) in Banyumas Regency**

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## **Abstract**

The acceleration of digitalization has caused major disruptions across business ecosystems, particularly among Micro, Small, and Medium Enterprises (MSMEs). This study aims to analyze the effect of digital disruption and digital marketing strategy on managerial strategy adaptation, with dynamic capability as a mediating variable. A quantitative explanatory approach was employed, involving 100 MSME actors in Banyumas Regency who have adopted digital technologies. Data were analyzed using multiple linear regression and Sobel mediation tests. The results indicate that digital disruption ( $\beta = 0.387$ ;  $p = 0.000$ ) and digital marketing strategy ( $\beta = 0.514$ ;  $p = 0.000$ ) significantly affect dynamic capability ( $R^2 = 0.410$ ). Furthermore, digital marketing strategy ( $\beta = 0.314$ ;  $p = 0.007$ ) and dynamic capability ( $\beta = 0.633$ ;  $p = 0.000$ ) have significant positive effects on managerial strategy adaptation ( $R^2 = 0.514$ ), while the direct effect of digital disruption is marginal ( $p = 0.053$ ). Sobel test results confirm that dynamic capability plays a significant mediating role between digital disruption and digital marketing strategy on managerial strategy adaptation ( $z = 4.074$ ;  $p < 0.001$  and  $z = 4.034$ ;  $p < 0.001$ ). These findings reinforce the *Dynamic Capabilities Theory* (Teece, Pisano, & Shuen, 1997), emphasizing that MSMEs' abilities to *sense*, *seize*, and *transform* opportunities are key determinants of strategic adaptation in the digital era. The study provides theoretical contributions to strategic management literature and practical implications for local governments to enhance digital competitiveness through dynamic capability-based *capacity building* programs.

**Keywords:** digital disruption, digital marketing strategy, dynamic capability, managerial strategy adaptation

## **A. INTRODUCTION**

The rapid advancement of digital technology over the past decade has fundamentally transformed the competitive landscape of businesses worldwide. The phenomenon known as *digital disruption* has created new challenges for organizations across sectors, including Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. Digital disruption is characterized by the emergence of technological innovations such as e-commerce, social media, artificial intelligence, and data analytics, which have reshaped how firms interact with customers, manage operations, and build competitive value (Thakur et al., 2022). This condition compels organizations, including MSMEs, not only to adapt operationally but also to undergo strategic transformation in order to remain relevant amidst the fast-paced and uncertain dynamics of the market.

At the national level, MSMEs play a vital role as the backbone of Indonesia's economy, contributing approximately 61% to the national Gross Domestic Product (GDP) and absorbing around 97% of the workforce (Adama & Okeke, 2024). However, their level of digital readiness remains relatively low, as

evidenced by limited infrastructure, uneven digital literacy, and weak managerial capacity in integrating digital technologies into business models. Consequently, many MSMEs struggle to adapt to changes in consumer behavior and the competitive pressures arising from digitalization (Handayani et al., 2020). This underscores the need for more adaptive managerial strategies that are innovation and technology oriented.

Banyumas Regency exemplifies this reality as a semi-urban area with more than 8,500 MSME units spread across sectors such as culinary, fashion, handicrafts, and creative services. Although the use of social media and online marketplaces has increased, it has yet to be matched by strategic capabilities to effectively leverage technology for sustainable competitive advantage. The challenges faced by MSMEs in Banyumas extend beyond technological availability to include the readiness of human resources and organizational capability to adapt to continuous digital pressures.

Previous studies have shown that digital disruption encourages organizations to enhance flexibility, innovation, and data-driven decision-making (Franco et al., 2021; Ghezzi & Cavallo, 2020). However, the degree to which organizations can adapt to such disruption largely depends on their internal capacity to manage change. One of the most relevant conceptual frameworks for explaining this mechanism is the *Dynamic Capabilities Theory* (Teece, 2007), which emphasizes three core organizational abilities: *sensing* (detecting opportunities and threats), *seizing* (exploiting opportunities), and *transforming* (reconfiguring resources to create new value). This theory provides a useful lens for understanding how MSMEs can respond to external changes through internal strengths.

In the MSME context, digital marketing strategies have also become an essential instrument in strengthening organizational adaptability. The use of social media, e-commerce, and other digital platforms allows MSMEs to reach broader markets, enhance promotional efficiency, and foster direct customer engagement. However, the adoption of effective digital marketing strategies cannot operate in isolation; it must be supported by sufficient dynamic capabilities. The synergistic relationship among digital disruption, digital marketing strategy, and dynamic capabilities is thus believed to be the key to building sustainable strategic management adaptation.

Based on the above discussion, this study is grounded in the phenomenon that most MSMEs in Banyumas face digital disruption pressures but have yet to fully achieve strategic adaptation. Therefore, this research formulates the following questions: (1) What forms of digital disruption are faced by MSMEs in Banyumas Regency? (2) To what extent does digital marketing strategy contribute to strategic management adaptation? (3) How do dynamic capabilities mediate the relationship between digital disruption and strategic management adaptation? and (4) What adaptive strategic model is most relevant for semi-urban MSMEs in responding to digital transformation?

The objectives of this research are: (1) to analyze the effect of digital disruption on MSMEs' dynamic capabilities; (2) to identify the impact of digital marketing strategies on dynamic capabilities; (3) to examine the influence of digital disruption, digital marketing strategies, and dynamic capabilities on strategic management adaptation; and (4) to develop an empirical model of strategic management adaptation based on dynamic capabilities, which can serve as a reference for enhancing MSME competitiveness in the digital era. Accordingly, this study is expected to contribute theoretically to strategic management literature and practically to local governments and business practitioners in formulating MSME development policies driven by digital transformation.

## B. LITERATURE REVIEW

### Digital Disruption

Digital disruption is defined as a fundamental shift in the business landscape initiated by advancements in digital technologies that notably influence industry structures, consumer behavior, and competitive dynamics. The introduction of such technologies fosters innovative business models that can enhance operational efficiency and customer orientation, while concurrently posing existential threats to traditional business models unprepared or unable to adapt to these changes (Risdiyanto et al., 2023). Particularly for micro, small, and medium enterprises (MSMEs), digital disruption embodies a duality: it presents new market expansion opportunities via online platforms, yet imposes strain on entrepreneurs who lack sufficient digital skills and capabilities (Rahman & Mardiana, 2024).

The primary attributes of digital disruption include the rise of internet-based technologies, mobile applications, and artificial intelligence, which collectively shift the commercial focus from a product-centric to a customer-centric approach (Franco et al., 2021). Digital transformation catalyzes business model evolution by merging data, processes, and customer interactions into a cohesive digital ecosystem (Sugiharto, 2024). Consequently, organizations must adopt proactive strategies rather than merely

reactive ones, emphasizing innovation and flexibility as essential responses to these disruptions (Alam et al., 2022).

### **Digital Marketing Strategy**

In relation to digital marketing strategies, such strategies constitute a systematic set of planned activities that exploit digital channels to fulfill organizational marketing objectives. Chaffey and Ellis-Chadwick (2019) note the integration of diverse channels, including social media, search engines, and email marketing, to enhance consumer engagement (Risdwiyanto et al., 2023). For MSMEs, implementing these strategies can broaden reach and reduce costs compared to conventional marketing techniques (Gao et al., 2023; Hawa et al., 2023). The efficacy of digital marketing hinges upon the organization's analytic capabilities, creative content generation, and a nuanced understanding of digital consumer behaviors. Handayani et al. (2020) articulate that successful digital strategy implementations rely not merely on technological utilization but also on human resource readiness to adapt dynamically to consumer interaction patterns (Rahman & Mardiana, 2024). With the rapid pace of digital disruption, such strategies become imperative for MSMEs to strengthen their resilience and adaptability in the evolving market landscape (Hendrawan et al., 2024).

### **Dynamic Capabilities**

Dynamic Capabilities Theory, formulated by Teece, Pisano, and Shuen (1997), expounds upon the necessity for organizations to reconfigure resources in accordance with external environmental changes, consisting of three critical components: sensing, seizing, and transforming Evanita & Fahmi (2023). Sensing encapsulates the ability to identify external opportunities and threats, whereas seizing underscores the allocation of resources to capitalize on these identified prospects. Transforming pertains to reorganizing internal processes and structures to align with shifts in the business terrain. For MSMEs grappling with digital disruption, possessing robust dynamic capabilities may correlate with accelerated innovation, improved resilience against uncertainties, and enhanced sustainable value creation Santoso et al., 2023). Thus, dynamic capabilities serve as a pivotal connective mechanism that links external pressures from digital disruptions to an organization's adaptive strategies Candra et al., 2021).

### **Strategic Management Adaptation**

The notion of strategic management adaptation refers to an organization's capability to recalibrate its strategic direction, organizational structure, and managerial processes in response to external environmental dynamics. Organizations characterized by adaptability are noted for their flexibility, consistent innovation, and an inherent capacity for organizational learning (Suherlan & Okombo, 2023; Wulandari et al., 2023). Within the context of MSMEs, the capacity for strategic management adaptation has become increasingly crucial for maintaining relevance amid escalating competition (Taufik et al., 2024). Research by Wibowo (2021) underscores that successful digitalization of MSMEs largely correlates with their adeptness at strategic adaptation, particularly regarding technology integration, product innovation, and human resource management (Evanita & Fahmi, 2023). This adaptability thus serves as a vital indicator of an organization's ability to effectively respond to disruptive environments.

### **Conceptual Framework of the Study**

Drawing on previous theories and empirical research, this study develops a conceptual framework that integrates external and internal factors in the process of MSME strategic management adaptation. External factors, represented by digital disruption (X1) and digital marketing strategy (X2), act as the main drivers of change. Meanwhile, the internal factor dynamic capabilities (Z) functions as a mediating mechanism that bridges the external influences and the organization's ability to achieve strategic management adaptation (Y).

This conceptual model illustrates that the success of MSMEs in facing digital disruption depends not only on external pressures but also on the extent to which they can cultivate dynamic internal capabilities. Accordingly, the study hypothesizes that dynamic capabilities play a critical role in strengthening the relationship between digital disruption and digital marketing strategies toward strategic management adaptation among MSMEs in Banyumas Regency.

## **C. METHODOLOGY OF RESEARCH**

This study employs a quantitative explanatory approach which aims to explain causal relationships among variables through inferential statistical analysis. This method was chosen because it aligns with the objective of the study, namely to examine the effects of digital disruption and digital marketing strategy on strategic management adaptation, with dynamic capabilities serving as the mediating

variable. This approach allows the researcher to empirically measure both direct and indirect effects among variables using numerical data.

#### **Population and Sample**

The population of this study consists of all Micro, Small, and Medium Enterprises (MSMEs) operating in Banyumas Regency that have adopted digital technology in their operations, including marketing, sales, and business management activities. Based on data from the Department of Cooperatives, Small and Medium Enterprises of Banyumas Regency (2024), there are approximately 8,500 MSME units meeting these criteria, spread across various sectors such as culinary, fashion, handicrafts, and creative services.

The sampling technique used is purposive sampling with the following criteria: (1) MSME actors who have used digital media for at least one year, and (2) those possessing basic knowledge of digital marketing strategies. Considering representativeness and time constraints, a total of 100 respondents were selected, which is deemed adequate for multiple regression analysis according to (Thakur et al., 2022) Hair et al. (2020), who recommend a minimum of five to ten times the number of variable indicators.

#### **Types and Sources of Data**

This research uses primary data collected through questionnaires distributed to MSME owners and managers in Banyumas. The questionnaire employs a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) to measure respondents' perceptions of each indicator. Secondary data are obtained from literature reviews, previous empirical studies, and official government reports relevant to MSME digitalization and the theory of dynamic capabilities.

#### **Variables and Operational Definitions**

This study consists of four main variables:

##### **1. Digital Disruption ( $X_1$ )**

Refers to the extent of external changes and pressures experienced by MSMEs due to advances in digital technology. Indicators include changes in consumer behavior, competitive pressures from digitalization, the emergence of new technologies, and the speed of market transformation (Thakur et al., 2022).

##### **2. Digital Marketing Strategy ( $X_2$ )**

Refers to the extent to which MSMEs use digital media in marketing activities. Indicators include the use of social media, e-commerce platforms, customer data analytics, and marketing content innovation (Chaffey & Ellis-Chadwick, 2019).

##### **3. Dynamic Capabilities ( $Z$ )**

Represent an organization's ability to respond to environmental changes through sensing, seizing, and transforming (Teece, Pisano, & Shuen, 1997). Indicators adapted from Franco et al. (2021) and Wibowo (2021) include the ability to detect opportunities, respond to markets, innovate, and manage digital resources.

##### **4. Strategic Management Adaptation ( $Y$ )**

Refers to MSMEs' ability to adjust their management strategies to changes in the business environment. Indicators include business model adjustment, operational innovation, strategic flexibility, and organizational sustainability (Beltagui et al., 2020).

#### **Data Collection Techniques**

Data were collected through both online and offline surveys. Online questionnaires were distributed via social media groups and WhatsApp groups managed by the Department of Cooperatives, while offline questionnaires were administered through brief interviews with respondents who had limited internet access. The collected data were verified and checked for completeness and consistency before further analysis.

#### **Validity and Reliability Tests**

Before the main analysis, all instruments were tested for validity and reliability. The validity test used the Corrected Item-Total Correlation (CITC), and all items showed correlation values above 0.30, indicating validity. The reliability test used Cronbach's Alpha, with results showing that all constructs were reliable: digital disruption (0.828), digital marketing strategy (0.702), dynamic capabilities (0.896), and strategic management adaptation (0.859). These values exceed the minimum threshold of 0.70, indicating good internal consistency (Hair et al., 2020).

#### **Data Analysis Techniques**

Data analysis was carried out in several stages. First, descriptive analysis was used to identify the characteristics of respondents and the general trends of each research variable. Second, classical assumption tests, including normality, multicollinearity, and heteroscedasticity, were conducted to

ensure the model's feasibility. Third, multiple linear regression analysis was used to examine the influence of digital disruption ( $X_1$ ) and digital marketing strategy ( $X_2$ ) on dynamic capabilities (Z), as well as the influence of all three on strategic management adaptation (Y). Fourth, the coefficient of determination ( $R^2$ ) and significance tests (F-test and t-test) were conducted to evaluate the contribution of independent variables to the dependent variable. Fifth, the Sobel test was applied to assess the mediating role of dynamic capabilities in the relationship between the independent variables and strategic management adaptation. Finally, model interpretation was performed by referring to the theory of dynamic capabilities (Teece, 2007) and previous empirical studies.

All analyses were performed using SPSS version 26, while the mediation test was calculated manually to obtain z-score and p-value for the indirect effects. The model is considered valid if  $p < 0.05$  and  $z > 1.96$ .

#### **D. RESULT AND DISCUSSION**

This study involved 100 Micro, Small, and Medium Enterprises (MSMEs) in Banyumas Regency that had adopted digital technology in their operational and marketing activities. Respondents came from various business sectors, including food and beverages (32%), fashion (27%), handicrafts (21%), and creative services (20%). Most business actors had used social media, online marketplaces, and digital financial recording systems for at least one year.

In general, the results of the descriptive analysis show that all variables had high average values (mean) ranging from 4.13 to 4.19 on a Likert scale of 1 to 5. This indicates that MSMEs in Banyumas have achieved a relatively high level of readiness and adaptability to changes resulting from digitalization.

#### **Reliability and Validity Tests of Instruments**

The reliability test was conducted to ensure the internal consistency of each item in the research constructs. Based on the calculation results using Cronbach's Alpha, all variables scored above the minimum threshold of 0.70, indicating reliability.

Table 1. Reliability Test Results

Variable	Number of Items	Cronbach's Alpha	Criteria	Description
Digital Disruption ( $X_1$ )	4	0.828	$\geq 0.70$	Reliable
Digital Marketing Strategy ( $X_2$ )	4	0.702	$\geq 0.70$	Reliable
Dynamic Capabilities (Z)	9	0.896	$\geq 0.70$	Highly Reliable
Strategic Management Adaptation (Y)	4	0.859	$\geq 0.70$	Highly Reliable

Cronbach's Alpha values greater than 0.70 indicate that each group of questionnaire items demonstrates good internal consistency, and therefore, the instrument is suitable for further hypothesis testing.

#### **The Effect of Digital Disruption and Digital Marketing Strategy on Dynamic Capabilities**

The first model analyzed the effect of digital disruption ( $X_1$ ) and digital marketing strategy ( $X_2$ ) on dynamic capabilities (Z).

Table 2. Regression Model 1 – Effect of  $X_1$  and  $X_2$  on Dynamic Capabilities (Z)

Independent Variable	Coefficient ( $\beta$ )	Std. Error	t	Sig. (p)
Constant	0.461	0.461	1.001	0.319
Digital Disruption ( $X_1$ )	0.387	0.064	6.026	0.000
Digital Marketing Strategy ( $X_2$ )	0.514	0.087	5.900	0.000

$R^2 = 0.410$   $F = 33.76$   $Sig. = 0.000$

An  $R^2$  value of 0.410 indicates that 41% of the variation in dynamic capabilities can be explained by digital disruption and digital marketing strategy, while the remaining 59% is influenced by other factors outside the model. Both independent variables have a significant effect ( $p < 0.05$ ).

These results confirm that the higher the level of digital disruption and the more effective the digital marketing strategy, the stronger the MSMEs' ability to perform sensing, seizing, and transforming. This finding aligns with the Dynamic Capabilities Theory (Teece, Pisano, & Shuen, 1997), which argues that organizations must be able to identify opportunities (sensing), exploit them (seizing), and reconfigure resources (transforming) to sustain competitive advantage in an era of technological change.

### **The Effect of Digital Disruption, Digital Marketing Strategy, and Dynamic Capabilities on Strategic Management Adaptation**

The second model tested the effects of digital disruption ( $X_1$ ), digital marketing strategy ( $X_2$ ), and dynamic capabilities (Z) on strategic management adaptation (Y).

Table 3. Regression Model 2 – Effect of  $X_1$ ,  $X_2$ , and Z on Strategic Management Adaptation (Y)

Independent Variable	Coefficient ( $\beta$ )	Std. Error	t	Sig. (p)
Constant	-0.475	0.522	-0.910	0.365
Digital Disruption ( $X_1$ )	0.167	0.085	1.962	0.053
Digital Marketing Strategy ( $X_2$ )	0.314	0.115	2.739	0.007
Dynamic Capabilities (Z)	0.633	0.115	5.528	0.000

$R^2 = 0.514$   $F = 33.80$   $Sig. = 0.000$

The  $R^2$  value of 0.514 indicates that 51.4% of the variation in strategic management adaptation can be explained by these three variables. Partially, digital marketing strategy and dynamic capabilities have a significant effect on strategic management adaptation, while the direct effect of digital disruption is marginal ( $p = 0.053$ ).

These results suggest that digital marketing strategy is a strategic element that strengthens an organization's capability to face technological disruption. Meanwhile, dynamic capabilities play a dominant role, showing that internal organizational ability is the key determinant of successful strategic management adaptation.

### **Mediation Test of Dynamic Capabilities (Sobel Test)**

To test whether dynamic capabilities mediate the relationship between digital disruption and digital marketing strategy on strategic management adaptation, a Sobel test was conducted.

Table 4. Sobel Test Results – Mediating Role of Dynamic Capabilities

Path	z-Value	Sig. (p)	Description
$X_1 \rightarrow Z \rightarrow Y$	4.074	0.00005	Significant Mediation
$X_2 \rightarrow Z \rightarrow Y$	4.034	0.00005	Significant Mediation

Values of  $z > 1.96$  and  $p < 0.05$  indicate that dynamic capabilities significantly mediate the relationships between digital disruption and digital marketing strategy toward strategic management adaptation. This confirms that the impact of digital disruption on organizational strategy is not direct but operates through the strengthening of internal capacities to manage change and innovation.

### **Discussion**

#### **Digital Disruption as a Catalyst for Strengthening Dynamic Capabilities**

The findings show that digital disruption has a positive and significant effect on dynamic capabilities, with  $\beta = 0.387$  and  $p = 0.000$ . This means that the greater the digital disruption perceived by MSMEs, the stronger their tendency to enhance internal capacities to respond to environmental changes. Digital disruption generates competitive pressure through technological innovations, changing consumer behavior, and the emergence of new platform-based competitors. In this context, external pressure acts as a catalyst for organizational learning, encouraging MSMEs to improve their ability to detect opportunities (sensing), make strategic decisions (seizing), and transform their business models (transforming).

This supports the Dynamic Capabilities Theory proposed by Teece, Pisano, and Shuen (1997), which asserts that sustainable competitive advantage is determined not merely by the possession of resources but by the organization's ability to reconfigure them in line with environmental dynamics. In Banyumas, many MSMEs have started to adapt by joining digital training programs, using social media for promotion, and adjusting production strategies according to online market demand. Hence, digital disruption functions not as a threat but as a trigger for innovation and strategic learning.

### **Digital Marketing Strategy as a Catalyst for Organizational Adaptation**

Digital marketing strategy has a significant effect on dynamic capabilities ( $\beta = 0.514$ ,  $p = 0.000$ ) and strategic management adaptation ( $\beta = 0.314$ ,  $p = 0.007$ ). This indicates that MSMEs' ability to utilize digital platforms such as social media, e-commerce, and online promotion tools contributes substantially to enhancing organizational agility. Through digital marketing, businesses not only expand their market reach but also gain real-time customer feedback, understand consumer preferences, and adjust products and prices quickly based on data.

This demonstrates that digital marketing is not merely promotional activity but also a mechanism to strengthen an organization's learning and data-driven decision-making capabilities. According to Chaffey and Ellis-Chadwick (2019), effective digital marketing enhances organizational agility by providing rapid market feedback. In this study, digital marketing strategy serves as a bridge linking external changes with internal adaptation, where each digital interaction enriches MSMEs' strategic insight.

### **Dynamic Capabilities as the Main Determinant of Strategic Management Adaptation**

The most prominent finding is that dynamic capabilities have the strongest influence on strategic management adaptation ( $\beta = 0.633$ ,  $p = 0.000$ ). This demonstrates that an organization's internal ability to perform sensing, seizing, and transforming is the primary determinant of its success in adapting to business environmental changes. MSMEs with high dynamic capabilities can anticipate market shifts faster, experiment with new business models, and allocate resources flexibly to support innovation.

Dynamic capabilities act as a mechanism that converts external pressures into strategic opportunities. For example, MSMEs in Banyumas that previously relied on physical stores have integrated online sales through marketplaces and innovated products based on digital trend analysis. This supports the findings of Franco et al. 2(021) and Wibowo (2021) which revealed that dynamic capabilities strengthen the link between digital transformation and organizational performance. Thus, dynamic capabilities serve not only as instruments of adaptation but also as sources of sustainable competitive advantage.

### **Digital Disruption as a Necessary but Not Sufficient Condition**

Although digital disruption significantly influences dynamic capabilities, its direct impact on strategic management adaptation is marginal ( $\beta = 0.167$ ,  $p = 0.053$ ). This suggests that awareness of digital change among MSME actors does not automatically translate into strategic transformation. Many MSMEs in Banyumas recognize the importance of digitalization but lack the resources or capacity to make substantial changes. This highlights that digital disruption is a necessary but not sufficient condition for strategic adaptation.

This finding aligns with Beltagui et al. (2020), who argue that successful organizational adaptation is determined not only by external pressures but also by internal ability to transform such pressures into productive outcomes. In this context, external interventions such as digital literacy training and technological mentoring must be supported by managerial strengthening and a culture of innovation.

### **The Mediating Role of Dynamic Capabilities in Strategic Transformation**

The Sobel test results show that dynamic capabilities significantly mediate the relationships between digital disruption and strategic management adaptation ( $z = 4.074$ ,  $p < 0.001$ ), as well as between digital marketing strategy and strategic management adaptation ( $z = 4.034$ ,  $p < 0.001$ ). This means that the success of MSMEs in responding to disruption and leveraging digital technology depends primarily on their internal capacity to learn, adapt, and transform. Theoretically, this reinforces the Dynamic Capabilities Theory, positioning dynamic capabilities as the bridge between a changing external environment and strategic organizational responses.

Additional support for the mediating mechanism identified in this study can be drawn from empirical evidence published in the Islamic Business and Management Journal (IBMJ), managed and published by the University of Darussalam Gontor. Dewi et al. (2024) show that absorptive capacity mediates the relationship between market orientation and marketing performance among food and beverage MSMEs, indicating that external market signals translate into improved outcomes primarily when MSMEs possess strong internal capacities to acquire, assimilate, and apply new knowledge. This evidence is conceptually consistent with the present findings, because absorptive capacity closely parallels a knowledge oriented manifestation of dynamic capabilities, particularly in enabling MSMEs to convert environmental change and digital market information into strategic action and sustained adaptation.

Practically, this implies that digital training and technology adoption programs for MSMEs should focus not only on technical skills but also on developing strategic and reflective thinking capabilities. MSMEs capable of analyzing data, evaluating digital marketing outcomes, and making decisions based on organizational learning will be more successful in turning external pressures into long-term growth opportunities.

#### **The Local Context of Banyumas and the Global Relevance of Theory**

In the context of Banyumas Regency, the study reveals that MSME digital transformation occurs gradually and varies according to each business's literacy level and business network. MSMEs actively involved in government assistance programs show significant progress in adaptability, while traditional enterprises that have not joined such programs remain lagging. Nevertheless, most MSMEs have begun integrating digital technologies into their business strategies.

These findings enrich the Dynamic Capabilities literature with empirical evidence from MSMEs in semi-urban Indonesia. The principles of sensing, seizing, and transforming remain relevant, even when applied in simpler forms. For example, sensing manifests through monitoring trends on social media, seizing through adjusting products to online demand, and transforming through changes in work practices and family-based collaboration. This confirms that dynamic capabilities can be effectively applied across scales and organizational cultures.

Globally, this study suggests that the Dynamic Capabilities Theory is not exclusive to large corporations but serves as a strategic framework for MSMEs to confront digital disruption. With contextual understanding and implementation, MSMEs in regions such as Banyumas can progress toward sustainable digital independence.

#### **E. CONCLUSIONS**

This study demonstrates that digital disruption, digital marketing strategy, and dynamic capabilities are closely interrelated in influencing strategic management adaptation among MSME actors in Banyumas Regency. The analysis shows that digital disruption and digital marketing strategy simultaneously have a significant effect on dynamic capabilities. This finding implies that environmental pressures arising from technological advancements, together with the implementation of digital marketing strategies, encourage MSMEs to enhance their internal abilities to identify opportunities, respond to market changes, and reconfigure resources more effectively.

Furthermore, dynamic capabilities were found to have the most dominant influence on strategic management adaptation. This capability enables MSMEs to be better prepared in facing business environmental uncertainty and to be more resilient in developing sustainable business models. Although the direct effect of digital disruption on strategic management adaptation is marginal, the results indicate that dynamic capabilities act as a significant mediating factor in the relationship between digital disruption and digital marketing strategy toward strategic management adaptation. Therefore, the success of MSMEs in responding to digital transformation largely depends on their internal organizational ability to transform strategically, rather than solely on the external pressures they face.

Overall, this study confirms that the process of managerial adaptation among MSMEs in the digital era is not solely triggered by technological change, but also determined by the extent to which business actors are able to internalize new knowledge, innovate continuously, and convert digital experiences into effective business strategies. These findings reinforce the relevance of the Dynamic Capabilities Theory in the MSME context and provide a foundation for strengthening organizational capacity in facing the challenges of the digital economy era.

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