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Digital Transformation of Financial and Marketing Management as a Strategic Innovation for Home Industries in Supporting Sustainable Economic Growth in Tolitoli Regency

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Abstract

Despite relatively high ownership of digital devices, the effective utilization of financial applications and digital marketing strategies among business actors is still low. (Novelty) Unlike prior studies that separately examine digital finance or marketing adoption, this study develops an integrated model combining both aspects into a unified digital platform. The novelty lies in contextualizing digital readiness assessment for local entrepreneurs in Tolitoli, identifying specific barriers and opportunities, and proposing a simple, adaptive, and user-friendly digital system that addresses their real conditions. This research thus contributes not only to academic discourse but also to the formulation of local economic policy and the roadmap for home industry digital transformation. (Methods) This research applies a mixed-method design, combining a quantitative survey of 40 home industry actors with qualitative insights obtained from in-depth interviews and Focus Group Discussions (FGD). The analysis incorporates descriptive statistics and SWOT analysis to identify readiness levels, opportunities, and constraints. (Results) The digital readiness index reached 56.7% (moderate), with device ownership at 82% (high). However, the use of financial applications (42.5%) and social media marketing (40%) remained low, revealing a capability gap. SWOT analysis shows strengths in unique local products and strong social capital, weaknesses in digital literacy and reliance on traditional marketing, opportunities from e-commerce growth and government programs, and threats from external competitors with faster digital adoption. (Conclusion) Digital transformation can enhance operational efficiency, market reach, and competitiveness of home industries. The study proposes the development of an integrated digital platform tailored to local conditions, aligning with OECD recommendations for gradual, context-based digitalization.

1. Introduction

Home industries serve as the backbone of regional economies by contributing significantly to household income and employment(BPSSulteng, 2025). In Tolitoli Regency, this sector is dominated by processed food, handicrafts, and agricultural derivative products. Despite the increasing global relevance of digitalization, many business actors in this region struggle with low digital literacy, limited internet infrastructure, and insufficient integration of financial and marketing systems(Dr. Eng. Hary Budiarto et al., 2024)(Mardiana & Rahim, 2021).

Digital transformation in SMEs requires more than technological devices; it demands managerial competence and adaptive marketing strategies (Wulan et al., 2024). Previous research has confirmed that digital finance supports real-time transaction recording and cash flow analysis (Sari et al., 2023), while digital marketing enables broader consumer outreach through e-commerce and social media platforms (Toni et al., 2024). Nevertheless, studies emphasize that digitalization in developing economies should proceed gradually and in accordance with local contexts (Amir, 2024; Wimber Jerry Panjaitan & Feri Lupiana, 2023).

This study addresses the research gap by analyzing the readiness of home industries in Tolitoli Regency to adopt digital transformation and by proposing a model that integrates financial management and marketing into a single platform, supporting Indonesia's long-term development vision toward Indonesia Emas 2045 (BAPPEDA, 2025; Yahya, 2024).

1.1. Literature Review

Digital transformation has become a strategic imperative for SMEs in improving competitiveness and efficiency. Prior studies highlight its contribution to productivity and profitability (Wulan et al., 2024), digital finance adoption (Nurhayati et al., 2023), and marketplace utilization (Barqi et al., 2025)(Ramadhani et al., 2025). However, several challenges persist, including low digital literacy, reliance on traditional marketing, and infrastructural barriers (Hilmawan et al., 2023).

The theoretical foundation of this research is built upon the Resource-Based View (RBV), emphasizing that unique local resources such as distinctive products and social capital can be leveraged to sustain competitiveness when combined with digital capabilities. Hypotheses/Propositions:

H1: Digital readiness has a positive effect on the adoption of digital financial management practices among home industry actors in Tolitoli Regency.

H2: The utilization of digital financial applications positively influences the efficiency of business operations in home industries.

H3: The adoption of digital marketing through social media has a significant positive effect on the market reach of home industries.

H4: The integration of digital financial management and digital marketing enhances the competitiveness of home industries in the context of sustainable economic growth.

H5: Government digitalization support and e-commerce growth moderate the relationship between digital readiness and the adoption of digital transformation practices in home industries.

2. Method

2.1. Research Design

This study employed a mixed-method approach that combines quantitative and qualitative techniques to provide a comprehensive understanding of the digital transformation of financial and marketing management in home industries. The research design is exploratory descriptive: exploratory to uncover new insights on digital readiness and adoption, and descriptive to map the actual practices of financial management and marketing in supporting sustainable economic growth(Sari et al., 2023).

2.2. Sample and Data Collection

The population of this research consisted of home industry actors in Baolan District, Tolitoli Regency, who actively run production but have not been fully integrated with digital systems. A total of 30 respondents were selected using purposive sampling based on their active involvement in food processing, handicrafts, and agricultural derivative products(Kusuma & Fahamsyah, 2023).

Four stages of data collection were conducted:
1) Observation: Direct observation of production processes, financial recording, and marketing practices.
2) In-depth Interviews: Semi-structured interviews with entrepreneurs and officials from the Department of Cooperatives and SMEs to gather policy perspectives.
3) Survey: Distribution of structured questionnaires to measure digital literacy, device ownership, internet access, financial application usage, and digital marketing adoption.
4) Focus Group Discussion (FGD): Validation of the preliminary digitalization model, mapping of challenges, and gathering of stakeholder feedback.

2.3. Variables and Indicators

Key variables were operationalized as follows:
1) Digital Readiness (literacy level, device ownership, internet access).
2) Financial Application Usage (frequency and type of applications for accounting, cash flow, and financial monitoring).
3) Digital Marketing Adoption (use of social media, e-commerce platforms, and digital promotions).
4) Business Competitiveness (market reach, sales growth, and efficiency).
5) External Support (government digitalization programs, e-commerce trends).

2.4. Data Analysis

Quantitative data were analyzed using descriptive statistics (mean, frequency, and percentage) to capture patterns of readiness and adoption. Qualitative data were analyzed using interactive analysis techniques, including data reduction, display, and conclusion drawing. A SWOT framework was further applied to identify strengths, weaknesses, opportunities, and threats faced by home industries in adopting digital transformation. Integration of quantitative and qualitative findings was conducted through triangulation to formulate hypotheses and design a conceptual model of integrated digital financial marketing management(Shoofiyani, 2022).

The SWOT analysis enriches the understanding of these conditions. Strengths include the uniqueness of local products and strong community-based social capital, which form a solid foundation for collaboration and branding. Weaknesses are evident in low digital literacy levels, reliance on traditional marketing methods, and limited financial management skills. Opportunities are found in the rapid expansion of e-commerce platforms, increasing demand for local products, and government initiatives supporting SME digitalization. Meanwhile, threats consist of strong external competitors adopting digitalization more rapidly, unstable internet coverage in rural areas, and shifting consumer behavior toward digitally marketed products.
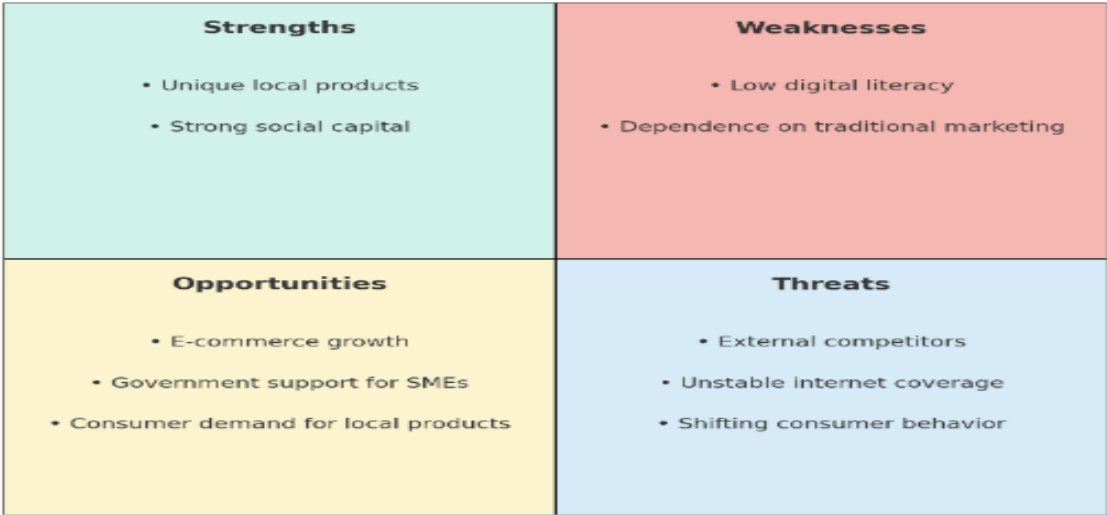
3. Result and Discussion

The survey involving 30 home industry actors in Baolan District, Tolitoli Regency, shows that the digital readiness index reached 56.7 percent, categorized as moderate. This indicates that although entrepreneurs have access to digital devices, their capacity to utilize digital tools for financial and marketing purposes remains limited. The results further reveal that 82 percent of respondents own digital devices such as smartphones or laptops, and 65 percent reported having regular internet access. However, the adoption of financial applications (42.5 percent) and social media marketing (40 percent) was still relatively low, demonstrating a capability gap between access and effective utilization(Ahmad et al., 2024; Atthayuwat et al., 2022).

Table 1. Digital Readiness and Adoption Indicators of Home Industries in Tolitoli

No.	Indicator	Percentage (%)	Category
1	Digital readiness index	54,5	Moderate
2	Device ownership	82,0	High
3	Internet access	65,0	Moderate
4	Financial application usage	42,5	Low
5	Social media marketing adoption	40,0	Low

The SWOT analysis complements these findings. Strengths include unique local products with cultural and economic value, supported by strong community-based social capital. Weaknesses are seen in low digital literacy, dependency on traditional marketing, and limited structured financial practices. Opportunities are provided by government digitalization initiatives, expansion of e-commerce platforms, and consumer demand for local products. Meanwhile, threats consist of stronger external competitors who adopt digitalization faster, unstable internet infrastructure in rural areas, and shifting consumer behavior toward digitally promoted goods.

Strengths
- Unique local products
- Strong social capital

Weaknesses
- Low digital literacy
- Dependence on traditional marketing

Opportunities
- E-commerce growth
- Government support for SMEs
- Consumer demand for local products

Threats
- External competitors
- Unstable internet coverage
- Shifting consumer behavior

Figure 1. SWOT Analysis of Home Industries in Tolitoli

The results affirm that digital readiness does not guarantee effective digital adoption. This is consistent with (Sharabati et al., 2024), which emphasizes that SME digitalization in developing countries requires gradual, context-based implementation. Furthermore, the findings support (Wulan et al., 2024), who assert that managerial competence and digital skills are key determinants of successful digital transformation.

Importantly, this study demonstrates that integrating digital financial management and digital marketing can simultaneously improve operational efficiency and broaden market reach, thereby strengthening business competitiveness. Viewed through the Resource-Based View (RBV) framework, local entrepreneurs can leverage unique resources such as distinctive products and strong social networks more effectively when supported by appropriate digital tools.

Additionally, government support programs and the development of e-commerce ecosystems may serve as moderating factors, strengthening the relationship between readiness and actual adoption. Based on these insights, the research recommends the development of an integrated digital platform tailored to the needs of local entrepreneurs, enabling them to improve financial transparency, accountability, and market visibility. Such a system would contribute directly to sustainable regional economic growth in Tolitoli Regency.

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4. Conclusion

This study concludes that home industries in Tolitoli Regency are positioned at a moderate level of digital readiness (56.7%), with high ownership of digital devices (82%) but low utilization of financial applications (42.5%) and social media marketing (40%). These findings demonstrate a clear capability gap between infrastructure availability and actual adoption of digital tools. The SWOT analysis further reveals that while local businesses possess unique cultural products and strong social capital, they face challenges from low digital literacy, reliance on traditional marketing, and limited managerial capacity. At the same time, opportunities exist in the form of e-commerce expansion, government support, and growing consumer preference for local products, although these are counterbalanced by threats such as stronger external competitors and unstable internet connectivity.

The research highlights that digital readiness alone does not guarantee effective adoption, but integration of digital financial management and digital marketing has strong potential to enhance competitiveness, operational efficiency, and market reach. This integration aligns with the Resource-Based View (RBV), suggesting that home industries can leverage their unique local resources more effectively when supported by tailored digital platforms.

Acknowledgement

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