
**DIGITAL ENTREPRENEURSHIP IN MICRO SMALL MEDIUM ENTERPRISES:
A SYSTEMATIC LITERATURE REVIEW**

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ABSTRACT

Digital entrepreneurship plays a crucial role in strengthening the competitiveness of MSMEs in the digital economy era. This study reviews ten scientific articles indexed in Sinta and Scopus published between 2023 and 2025 using a descriptive qualitative approach through thematic analysis. The findings indicate that the success of digital entrepreneurship is influenced by internal factors, such as digital mindset, digital literacy, entrepreneurial orientation, and digital marketing strategies, as well as external factors including government support, digital infrastructure, and a supportive business ecosystem. However, research gaps exist regarding the measurement of long-term impacts and variations across sectors and regions. Therefore, integrating internal capabilities with institutional support is essential to build adaptive and sustainable MSMEs in the digital ecosystem.

Keywords: Digital Entrepreneurship, MSMEs, Economics, Business.

BACKGROUND

Digitalization is a tool for transforming activities and services in entrepreneurship based on digital technology and a strategy for company success. (Elia et al., 2020) Digital transformation is “a change in all job and income creation strategies, application of a flexible management model standing against competition, quickly meeting changing demands, a process of reinventing a business to digitise operations and formulate extended supply chain relationships; functional use of internet in design, manufacturing, marketing, selling, presenting and is data-based management model”. (Ulas, 2019). Micro, Small, and Medium Enterprises (MSMEs), which are the backbone of economies in developing countries, face both new opportunities and challenges. Digitalization allows MSMEs to access global markets, improve operational efficiency, and encourage innovation, but many still face difficulties due to limited digital skills, lack of resources, and insufficient technological infrastructure. (Morakanyane et al., 2017).

The suboptimal utilization of digital technologies among culinary MSMEs has substantially constrained their business performance. This limitation is compounded by insufficient human capital capable of effectively employing technological tools for social media-driven marketing, e-commerce platforms, and data analytics to interpret consumer behavior, as well as a weak entrepreneurial orientation in increasingly competitive market environments. Consequently, a considerable proportion of MSMEs experience stagnation or fail to achieve long-term sustainability. Human capital deficiencies including inadequate digital skills, limited business knowledge, and ineffective human resource management further impede adaptive capacity and competitive resilience. Prior studies consistently underscore that the challenges faced

by MSMEs in digital transformation originate from a combination of internal weaknesses and external structural barriers. (Zhang et al., 2022)

Digitalization has progressively emerged as a fundamental catalyst shaping entrepreneurial practices, while the formulation of a comprehensive digital strategy is increasingly recognized as a pivotal determinant of firm-level success. Recent insights, particularly within the financial sector, indicate that the strategic alignment between digital initiatives and a robust entrepreneurial orientation plays a crucial role in driving superior organizational performance. (Niemand et al., 2021) In Indonesia, the general view of digital entrepreneurship is largely focused on digital marketing, but it actually involves much more than that. Digital entrepreneurship also encompasses other important aspects, such as: finding and attracting customers, designing and offering products through digital platforms, finding collaboration opportunities and new business partners, studying the market to grow the business and create a competitive advantage, expanding marketing and distribution networks, and using digital methods for capital applications and payments. (Hanim & Soponyono, 2021)

The ability to use digital devices and digital literacy are crucial factors for Small and Medium Enterprises (MSMEs) in preparing to enter the international market. Digital literacy enables entrepreneurs to optimally utilize information technology to manage their businesses, from online marketing and digital transactions to global supply chain management. (Kusumastuti et al., n.d.) Mastering digital platforms such as e-commerce, social media, and data analytics applications helps reach consumers in various countries without being limited by geographic distance. With digital literacy, MSMEs can adapt to changing consumer behavior, which now involves more online transactions. Furthermore, this literacy enables secure and efficient data management, thereby increasing international consumer trust. (Wahyoedi et al., 2024)

Therefore, conducting a literature review on the implementation of digital entrepreneurship in MSMEs is crucial to identify key factors, trends, and gaps in previous research. By systematically examining past studies, this literature review aims to provide a comprehensive understanding of internal factors, such as digital entrepreneurship mindset, digital literacy, entrepreneurial orientation, and marketing strategies, as well as external factors, such as government support and digital infrastructure, that influence the successful implementation of digital entrepreneurship. Furthermore, the review highlights areas where empirical evidence remains limited, offering valuable insights for researchers and practitioners to design strategies and policies that can enhance the digital transformation of MSMEs. Consequently, this study is timely and relevant, serving as a solid foundation for further research and practical applications within the continually evolving digital business ecosystem.

RESEARCH OBJECTIVES

This study aims to provide a comprehensive understanding of the development and implementation of digital entrepreneurship within Micro, Small, and Medium Enterprises (MSMEs) in the context of the modern digital economy. Specifically, it explores how technology-driven entrepreneurial practices are applied in MSMEs and assesses their role in enhancing competitiveness, innovation, and business sustainability. By conducting an extensive literature review, the research identifies key research trends, dominant empirical insights, and existing gaps in scholarly discussions related to digital entrepreneurship. The study ultimately seeks to formulate structured academic insights and evidence-based recommendations to support researchers, practitioners, and policymakers in fostering an adaptive, inclusive, and competitive digital entrepreneurial ecosystem that accelerates MSMEs' digital transformation.

THEORETICAL FRAMEWORK

Digital entrepreneurship refers to the combination of traditional entrepreneurial practices with the use of digital technologies to create business opportunities, enhance operational efficiency, and expand market reach. According to Schwab (2020), digital entrepreneurship goes beyond merely developing new products; it also involves innovating business models, marketing strategies, and improving the digital capabilities of entrepreneurs. In the context of MSMEs, digital entrepreneurship includes leveraging social media, e-commerce platforms, digital payment systems, and digital marketing strategies to strengthen business competitiveness. Based on a review of the literature, several key factors have been identified as influencing the successful implementation of digital entrepreneurship:

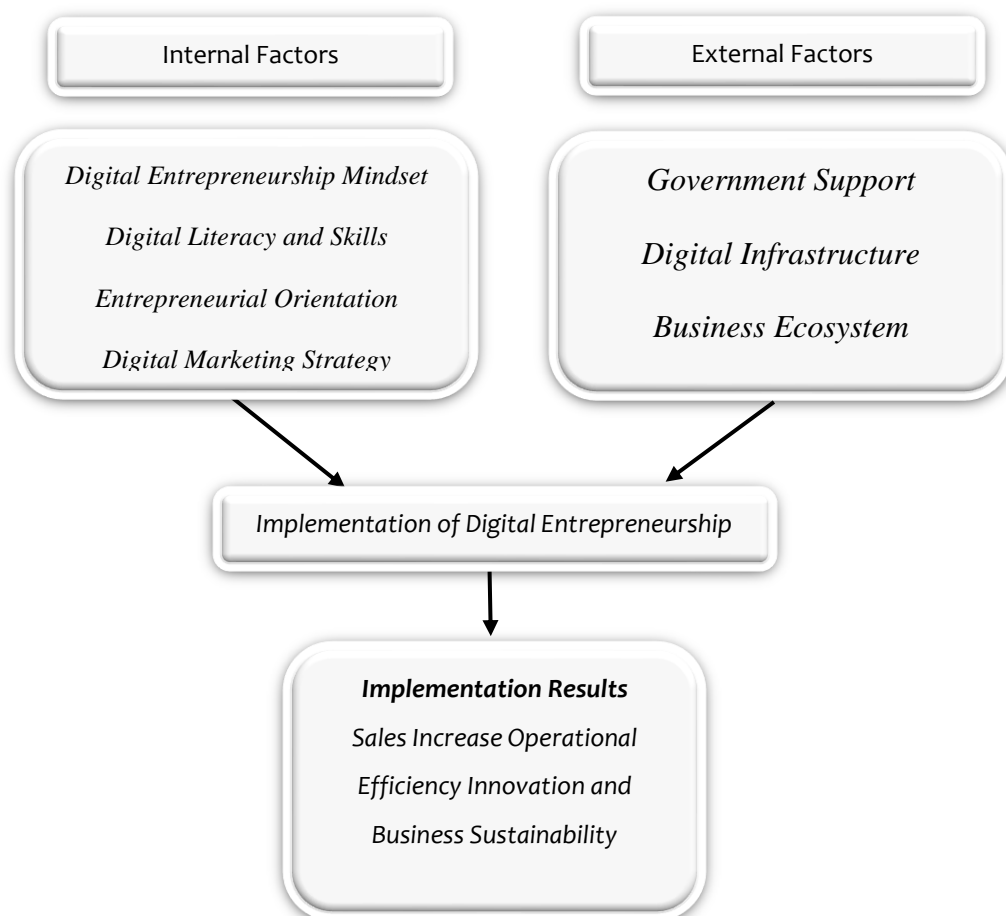
1. **Digital Entrepreneurship Mindset:** The confidence, motivation, and readiness of MSMEs to adopt digital technology significantly determine their success. MSMEs with a positive digital entrepreneurship mindset are better able to optimally utilize digital opportunities (Widyaningsih et al., 2023)
2. **Digital Literacy and Skills:** The ability to use digital platforms, social media, marketplaces, and e-commerce systems is a prerequisite for successful digital transformation. Good digital literacy enables MSMEs to optimize digital marketing and technology-based business management (Agus Firmansyah et al., 2023)
3. **Entrepreneurial Orientation:** Consisting of innovation, proactivity, and risk tolerance. An entrepreneurial orientation encourages MSMEs to continuously seek new opportunities in the digital realm and adapt to technological changes (Kraus et al., 2023)
4. **Digital Marketing Strategy:** Using the right digital marketing strategy can increase product visibility, customer engagement, and sales. This strategy includes social media management, digital advertising, and other online promotions. (Asmawiyah et al., 2025)

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5. External Factors: Government support, digital infrastructure, internet access, and the business ecosystem influence the implementation of digital entrepreneurship. MSMEs that receive external support tend to be more successful in adopting digital technology. (Rajagukguk & Rusadi, 2025)

The integration of these five factors forms a robust theoretical framework for digital entrepreneurship in MSMEs, where internal capabilities mindset, digital skills, entrepreneurial orientation, and digital marketing interact synergistically with external support to drive digital transformation. This framework strengthens analytical understanding of variable relationships while guiding researchers, policymakers, and practitioners in crafting effective and sustainable digital entrepreneurship strategies. It underscores that dynamic alignment between internal strengths and external environments enables MSMEs to enhance efficiency, expand market reach, foster innovation, and build long-term resilience amid digital disruption and competitive pressures.

CONCEPTUAL THINKING FRAMEWORK



In addition, this theoretical framework serves as a foundation for evaluating digital performance in MSMEs, including the assessment of digital marketing effectiveness,

technology adoption levels, innovation capacity, and human capital readiness in navigating digital transformation. By combining theoretical perspectives with empirical evidence, the framework also provides a robust basis for developing evaluation models and policy recommendations, thereby supporting sustainable, inclusive, and adaptive business growth in the digital era.

RESEARCH METHODS

This research uses a literature review approach with descriptive qualitative methods to in-depth examine the implementation of digital entrepreneurship among MSMEs. This approach was chosen because it provides a comprehensive understanding of the concepts, trends, challenges, and digitalization strategies for developing small and medium enterprises in the technological era. The research focuses on scientific studies discussing digital technology adaptation, digital marketing strategies, digital-based innovation, and the readiness of MSMEs to implement digital entrepreneurship to increase business competitiveness.

Data sources for this research were obtained from national journal articles indexed by SINTA and reputable international journals indexed by Scopus, Google Scholar, and other academic repositories. The selected articles were scientific publications within the last five years to reflect current technological developments and conditions. The selection process was based on the research's relevance to the topic, suitability to the MSME context, and availability of full-text PDF access. Ten articles that met the inclusion criteria served as the basis for the literature review for further analysis and synthesis.

In the data collection process, the literature used was selected based on the following criteria:

1. Articles and journals discussing digital entrepreneurship and MSMEs.
2. Publications from journals indexed in Sinta, Scopus, and another academic sources.
3. Open access articles to facilitate source verification.
4. Publications within 2 years (2023 & 2025) to ensure relevance to the latest digital developments.
5. Articles presenting empirical findings, case studies, or conceptual frameworks related to digital entrepreneurship in MSMEs.

The results of the literature analysis were used to uncover research gaps, namely the limited mapping of measurable digital entrepreneurship

implementation models for MSMEs, the lack of quantitative data-based research evaluating its impact on financial performance, and the limited number of comparative studies across regions or business sectors. Therefore, this study not only presents a general overview of the development of MSME digital entrepreneurship but also provides further research directions and strategic recommendations for academics, MSMEs, and policymakers to strengthen the digital transformation of the MSME sector in a sustainable and inclusive manner.

RESULTS AND DISCUSSION

Author (Years)	Research Title	Key Findings	Relevance to This Research
(Widyaningsih et al., 2023)	Peran Digital Entrepreneurship Mindset: Keputusan Adopsi Platform Digital Bagi Pelaku Bisnis	The digital entrepreneurship mindset has a significant influence on the decision to adopt digital platforms; digital literacy and digital aptitude are also essential contributing factors.	A foundational basis for understanding internal factors in MSME digital adoption, and highly relevant for constructing the analytical framework of the research.
(Asmawiyah et al., 2025)	The Role of Digital Marketing, Human Capital and Entrepreneurial Orientation on the Success of Small and Medium Culinary Business	Digital marketing, human capital, and entrepreneurial orientation enhance the success of culinary businesses.	Relevant to the strategic implementation of digital entrepreneurship in culinary MSMEs and digital marketing.
(Isma et al., 2023)	Penerapan Digital Entrepreneurship terhadap Peningkatan Penjualan Produk pada Pelaku UMKM di Kota Makassar	The use of social media and online marketplaces is effective in increasing sales and product exposure; however, maintaining consistent usage remains a challenge.	A real-world example of digital entrepreneurship implementation in Indonesian MSMEs.
(Rajagukguk & Rusadi, 2025)	Digitalization and Globalization: Transformation of UMKM in the Digital Era	The transformation of MSMEs through digitalization is driven by globalization; however, gaps in digital literacy and technological access remain significant barriers.	An analysis of external factors and contextual barriers in the implementation of digital entrepreneurship among MSMEs.
(Ella Nilla Chandra et al., n.d.)	The Utilization of Digital Marketing and Entrepreneurial Skills in Enhancing Business	The utilization of digital marketing and entrepreneurial skills significantly influences	Supporting the importance of digital entrepreneurship strategies (digital

	Success for MSMEs in Bogor City	the success of MSME businesses; however, digitalization is often limited to promotional activities.	marketing and entrepreneurship).
(Agus Firmansyah et al., 2023)	Peningkatan Literasi Transformasi Digital pada Pelaku UMKM di Desa Sadang, Kec. Jekulo, Kudus	Digital literacy programs increase the adoption of e-commerce and online payment systems; however, infrastructure challenges remain.	This provides empirical evidence of digital entrepreneurship implementation in MSMEs and is relevant for formulating strategic recommendations.
(Fernandes et al., 2023)	Digital entrepreneurship and sustainability: The state of the art and research agenda	Digital entrepreneurship supports business sustainability, innovation, and job creation; thus highlighting the importance of an integrative socio-economic-environmental framework.	The theoretical foundation and conceptual framework for the research; focusing on the relationship between digital entrepreneurship and sustainability.
(Kraus et al., 2023)	Digital entrepreneurship: The role of entrepreneurial orientation and digitalization for disruptive innovation	Entrepreneurial orientation and digitalization drive disruptive innovation; human resource readiness and digital infrastructure are key determining factors.	Relevant to strategies and digital entrepreneurship readiness in responding to technological innovation.
(Paul et al., 2023)	Digital entrepreneurship research: A systematic review	The need for a new conceptual model to holistically measure the digital performance of MSMEs, integrating technology, creativity, and digital market orientation.	Relevant for developing analytical research indicators and an evaluation framework for the implementation of digital entrepreneurship.
(Susilowati et al., 2025)	Pelatihan dan Penguatan Literasi Digital untuk Meningkatkan Kapasitas UMKM Menuju Pasar Internasional	Digital literacy training enhances MSMEs' capacity in social media management, online marketing, and operations; however, long-term effectiveness depends on continued mentoring and support.	A real-world example of digital entrepreneurship training that supports strategic implementation for MSMEs.

An analysis of 10 selected articles revealed several important findings regarding the implementation of digital entrepreneurship in MSMEs. In general, the findings indicate that the successful adoption of digital technology in MSMEs is heavily influenced by the interaction of internal and external factors.

Internal factors are the primary determinants influencing the readiness and effectiveness of digital implementation. A digital entrepreneurship mindset, encompassing MSMEs' readiness, motivation, and confidence in facing digital challenges, has proven to be a crucial indicator in digital technology adoption. (Widyaningsih et al., 2023) emphasized that MSMEs with a strong digital mindset tend to be more adaptive and proactive in exploiting opportunities offered by digital platforms, enabling them to more effectively optimize the potential of their digital businesses.

Digital literacy and competency also play a crucial role. Studies by (Agus Firmansyah et al., 2023) and (Susilowati et al., 2025) show that the ability to professionally operate social media, marketplaces, e-commerce, and digital payment systems plays a significant role in the operational efficiency and management of technology-based businesses. This demonstrates that technical capabilities are the foundation that enables MSMEs to undertake comprehensive digital transformation.

An entrepreneurial orientation encompassing innovation, proactivity, and risk tolerance has been shown to increase MSME readiness to respond to market changes and technological dynamics. (Kraus et al., 2023) emphasized that MSMEs with a strong entrepreneurial orientation are able to capitalize on digital opportunities more strategically, develop new products or services, and adapt business models more quickly.

A digital marketing strategy is also a crucial component in the successful implementation of digital entrepreneurship. (Asmawiyah et al., 2025) demonstrated that the use of appropriate digital marketing strategies, including social media management, digital advertising, and other online promotions, can increase product visibility, customer engagement, and sales conversions. This confirms that digital marketing aspects are inseparable from the MSME digital transformation process.

External factors also play a crucial role as enablers of digital entrepreneurship implementation. Government support, the availability of digital infrastructure, internet access, and a supportive business ecosystem significantly impact MSMEs' ability to adopt technology. (Rajagukguk & Rusadi, 2025) stated that MSMEs that receive external support through training programs, infrastructure, or digital policies tend to be more successful in implementing digital entrepreneurship. (Fernandes et al., 2023) and (Paul et al., 2023) added that the creation of a conducive digital ecosystem strengthens MSMEs' internal capabilities, enabling them to maximize the use of digital technology effectively and sustainably.

However, several research gaps remain. First, studies analyzing the simultaneous interaction between internal and external factors are still very limited. Second, empirical evidence regarding the long-term impact of digital entrepreneurship on

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MSME performance, competitiveness, and sustainability is still scarce. Third, variations across sectors and regional contexts are rarely studied, so a contextual understanding of digital adoption in MSMEs still needs to be strengthened.

RESEARCH GAP

Based on the literature review, research on the implementation of digital entrepreneurship in MSMEs indicates that although many MSMEs have begun utilizing digital technology to run their businesses, several conceptual and empirical gaps remain that require attention. First, digital literacy among MSMEs remains uneven. Several studies indicate that although MSMEs use social media and e-commerce, their understanding and ability to optimally manage digital platforms remains limited (Agus Firmansyah et al., 2023; Susilowati et al., 2025) This highlights the need to assess MSMEs digital readiness and capabilities as key factors in the successful implementation of digital entrepreneurship.

The entrepreneurial orientation and digital entrepreneurial mindset of MSMEs have not yet been fully consistent in exploiting digital opportunities. Research by (Widyaningsih et al., 2023) and (Kraus et al., 2023) indicates that despite the potential for technology adoption, not all MSMEs have sufficient motivation or readiness to innovate and take digital risks, creating a gap between available digital opportunities and their actual implementation on the ground.

Digital marketing strategies implemented by MSMEs are often ad hoc and not yet integrated into the overall business model. This results in the impact of digital entrepreneurship on sales, operational efficiency, and business sustainability being less than optimal (Asmawiyah et al., 2025; Chandra et al., 2023). This gap highlights the need for research that holistically links internal factors, implementation strategies, and business outcomes.

CONCLUSION

The implementation of digital entrepreneurship in MSMEs is influenced by a complex interaction between internal and external factors. Internal factors, including digital entrepreneurship mindset, digital literacy and competencies, entrepreneurial orientation, and digital marketing strategies, work synergistically to enhance operational efficiency, innovation, competitiveness, and the adaptability of MSMEs to market changes. A positive mindset and strong digital literacy enable MSMEs to optimally leverage technological opportunities, while entrepreneurial orientation encourages innovation, calculated risk-taking, and the development of new products or services. Well-planned digital marketing strategies further strengthen product visibility and customer engagement, directly contributing to sales growth and enhancing the position of MSMEs in the digital marketplace.

External factors, such as government support, availability of digital infrastructure, reliable internet access, and a conducive business ecosystem, act as enablers that allow internal capabilities to be effectively implemented. However, this literature review also identifies significant research gaps, particularly regarding the simultaneous influence of internal and external factors, the long-term impact on MSME performance, resilience, and sustainability, as well as variations in implementation across sectors and regions. Overall, the findings emphasize that the success of digital entrepreneurship in MSMEs is not merely about adopting technology; it is a multidimensional process requiring a holistic integration of internal capabilities and external support to achieve innovative, sustainable, and competitive business growth in an increasingly digitalized environment.

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