

ABSTRACT

The Micro, Small and Medium Enterprises (MSME) sector in Indonesia is one of the main drivers of the Indonesian economy which has significantly contributed to the national Gross Domestic Product (GDP). Of the 64 MSMEs in Indonesia, only 13.4% have used technology. The COVID-19 pandemic has become a momentum for MSME actors in Indonesia to carry out digital transformation in line with social distancing policies in suppressing the spread of COVID-19.

This study aims to determine how the influence of a digital transformation strategy consisting of customers, competition, data and innovation on the sustainability of MSME businesses in Indonesia. With MSMEs that grow sustainably, it is hoped that they can support the economy in Indonesia.

The object of this research is MSMEs in Indonesia that have used digital in their business/business processes. By using convenience sampling technique obtained 350 respondents. This number has met the minimum requirements for taking research samples. This research has been tested for validity and reliability before performing simple and multiple regression analysis.

The results of this study indicate that customers, competition, innovation, and data each have an effect on the sustainability of MSME businesses in Indonesia. The results of the coefficient of determination show that customers, competition, data and innovation together affect business sustainability by 72.9% while the remaining 27.1% is influenced by other variables. The t test results show that customers, competition, data and innovation have a significant influence on business sustainability.

Academically and practically, this quantitative research can be used as a reference for future research related to the sustainability of MSMEs by further adding a more comprehensive geographical aspect of the domicile of MSME respondents by involving various agencies, both government and non-government, in order to get an overall picture of the profile of MSMEs in Indonesia. so that it can provide valuable input for improving the quality of MSMEs in Indonesia in order to support the Indonesian economy.

Keywords - *Digital transformation; customer, competition, data, innovation, sustainability; Micro, Small and Medium Enterprises (MSME)*