

COLLABORATIVE TRANSFORMATION: THE EFFECT OF CO-CREATION, MARKETING STRATEGY, AND FINANCIAL MANAGEMENT ON BUSINESS VALUE AND COMPETITIVENESS OF SMES IN GARUT REGENCY

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Abstract. The level of competitiveness and sustainability of Small and Medium Enterprises (SMEs) in the digital era requires strategies that are not only innovative but also integrated. This study aims to analyze the effect of co-creation, marketing, and financial management on SMEs' business value and competitiveness in the Garut Regency. This study uses a quantitative approach with a causal associative research type. The study population was all SMEs registered at the Garut Regency Cooperative and MSME Office, with a sample of 80 respondents determined through purposive sampling. Data were collected through a closed Likert scale questionnaire and analyzed using validity, reliability, multiple linear regression, and classical assumption tests. The results showed that co-creation strategy, marketing strategy, and financial management significantly positively influence both partially and simultaneously on increasing SMEs' business value and competitiveness. Customer involvement in innovation, implementation of digital marketing, and sound financial governance proved to be essential foundations in building SMEs' competitive advantage. The findings provide theoretical implications for developing collaboration and digitalization-based competitiveness models and practical implications for SMEs and the government in designing more focused and sustainable development strategies.

Keywords: co-creation strategy; marketing strategy; financial management; business value; competitiveness; SMEs.

I. INTRODUCTION

Small and Medium Enterprises (SMEs) are the main engine of the economy in developing countries, with a significant role in employment and economic equity (OECD, 2023). However, post-pandemic, many SMEs are facing increased competitive pressures and higher consumer expectations. Intensified competition forces SMEs to innovate to sustain their businesses (Daradkeh & Mansoor, 2023). In addition, support for digitalization and financing is still lacking, as found in Mastercard's 2024 research, which shows that Indonesian SMEs still struggle to access digital tools and knowledge. Given these conditions, modeling strategies that integrate *co-creation*, marketing, and financial governance is urgent to support the transformation of SMEs to be more adaptive and competitive (Tojiri et al., 2024).

Garut Regency was chosen as the study site due to its uniqueness in cultural richness and the potential of local products, such as *Burayot*, that have not been fully exposed to the broader market. Unlike SMEs in big cities that have been exposed to digital infrastructure and startup mentoring ecosystems, Garut SMEs still face significant gaps in access to technology and finance (Farid et al., 2025). These circumstances provide a rich empirical context to test innovative, collaborative models, which similar regional

SMEs with similar limitations could adopt (Syaifuddin & Rusdian, 2025).

This research incorporates three main variables: co-creation (consumer inclusion in innovation), marketing strategy (digital and market segmentation), and financial governance (efficiency and accountability). Based on the literature, *co-creation* is shown to increase innovation effectiveness and consumer engagement (Purnami et al., 2024; Juntunen, 2024). Digital marketing strategies and sustainability are revealed as important variables in creating a competitive advantage for SMEs (Farid et al., 2025). Meanwhile, financial governance provides the foundation for sustainability and investment flexibility, which are less frequently addressed simultaneously in comprehensive model integration.

Recent literature shows that similar research is still partial. Purnami et al. (2024) mapped the *co-creation* trend in bibliometric literacy but did not touch the marketing and financial aspects in an integrated manner. Farid et al. (2025) highlighted the moderation of *co-creation* in digital marketing and SMEs' sustainable advantage but without linking it to financial governance. In addition, Daradkeh & Mansoor's (2023) research confirms the importance of process innovation in a competitive environment but has not described a coherent model that combines these three variables. Thus, there is a methodological need to fill the void.

This research offers the novelty of an integrative model that brings together *co-creation*, marketing strategy, and financial governance in one conceptual and empirical framework, specifically in the context of Garut SMEs. The benefits are multiple: theoretically, it enriches the literature on SMEs and collaborative innovation; practically, it provides guidance on the implementation of integrated strategies for SMEs and policymakers. The objectives of this study are: (1) to analyze the influence and interaction between *co-creation*, marketing, and finance on the value and competitiveness of SMEs; and (2) to formulate a real-based strategic model for regional SMEs, mainly traditional SMEs in local areas such as Garut.

II. RESEARCH METHODS

This research uses a quantitative approach with a causal associative research type. This approach aims to determine the extent of the influence between *independent* variables, consisting of Co-Creation Strategy, Marketing Strategy, and Financial Management, on *dependent* variables, namely Business Value and Competitiveness in SMEs in the Garut Regency. Based on numerical data and statistical analysis, causal associative research is suitable for explaining the cause-and-effect relationship between variables (Sugiyono, 2022).

In addition, this research is also non-experimental with an *ex post facto* design, where data is collected from conditions that have already occurred without any direct treatment by the researcher (Creswell & Creswell, 2018). This design is relevant in the context of SMEs that are already implementing these strategies independently.

This research was conducted in Garut Regency, West Java Province, Indonesia. This location was purposively selected because Garut is one of the regions with a large SME population and has interesting development dynamics in business digitalization, innovative collaboration, and small-scale financial management (BPS Garut, 2023). In addition, the local government's support in developing digital marketing and SME financial training strengthens the relevance of this location. The research was conducted from January to April 2025, including the planning stage, instrument development, initial validation, main data collection, and analysis and reporting of results.

The population in this study consisted of small and medium enterprises (SMEs) officially registered at the Garut Regency Cooperative and MSME Office. The population criteria are as follows:

1. SMEs that already have business legality (NIB/SIUP)
2. Have been in operation for at least two years
3. Have conducted marketing activities, both conventionally and digitally
4. Evidence of involving customers in the process of developing products, innovations, or services

These criteria were formulated to ensure that respondents had experience carrying out the three variables that were the focus of the study (Hair et al., 2019).

This research uses a purposive sampling method, which involves deliberately selecting samples based on certain characteristics that are in accordance with the research objectives (Etikan et al., 2016). Respondents were selected if they fulfilled all population criteria and had authority or understanding of strategic business decisions.

The number of respondents was determined based on guidelines from Hair et al. (2019), which require a minimum of 15 respondents per independent variable and at least 45 respondents with three independent variables. In this study, 80 respondents were used to increase external validity and minimize standard errors.

The primary data used in this study was obtained by distributing closed questionnaires to SMEs. The research instrument was prepared based on variable constructs formulated from literature studies and previous research, with measurements using a 5-point Likert scale (Yakin et al., 2023), namely:

- 1 = Strongly Disagree
- 2 = Disagree
- 3 = Neutral
- 4 = Agree
- 5 = Strongly Agree

Each variable has indicators that have been adjusted to conceptual standards and tested first using validity (Pearson correlation) and reliability (Cronbach's Alpha) tests to ensure measurement consistency and accuracy (Sekaran & Bougie, 2020).

Questionnaire distribution was conducted offline and online to suit SMEs' geographical conditions and digital access levels. Completion instructions and respondent filters maintained the validity of answers.

This study's data analysis was quantitatively conducted using an inferential statistical approach. This technique tests the validity and reliability of instruments, tests classical assumptions, and analyzes the influence between variables through multiple linear regression tests. The entire data analysis process was carried out using statistical software such as SPSS version 26.0.

1. The validity test was carried out using the Pearson Product Moment correlation technique to determine whether each statement item in the questionnaire was valid in measuring the variable in question. Items are considered valid if the correlation value (r_{count}) > r_{table} at 5% significance ($\alpha = 0.05$).
2. A reliability test was carried out using Cronbach's Alpha. The instrument is declared reliable if the alpha value is ≥ 0.600 (Ghozali, 2021), which shows the internal consistency between items in one variable.

Prior to linear regression, the data was tested to fulfill the following basic assumptions:

1. Normality Test: Using the Kolmogorov-Smirnov test to verify whether the residuals are normally distributed.

Data is said to be normal if the significance value (Sig.) > 0.05 (Gujarati & Porter, 2020).

2. Multicollinearity Test: Using the Variance Inflation Factor (VIF) and Tolerance values. There is no multicollinearity if $VIF < 10$ and $Tolerance > 0.1$ (Hair et al., 2019).
3. Heteroscedasticity Test: Using the Glejser test. Data is considered free of heteroscedasticity if the significance value of all variables > 0.05 (Ghozali, 2021).

Hypothesis testing is carried out to determine the effect of each independent variable on the dependent variable, both partially and simultaneously (Tojiri et al., 2023).

1. Multiple Linear Regression Test: Used to analyze the effect of Co-Creation Strategy, Marketing Strategy, and Financial Management on Business Value and Competitiveness.
2. Test t (Partial): Used to test the effect of each independent variable on the dependent variable. The hypothesis is declared significant if the $t \text{ count} > t \text{ table value}$ at $\alpha = 0.05$.
3. F Test (Simultaneous): Used to test the effect of all independent variables on the dependent variable. Significant influence is indicated if the value of $F \text{ count} > F \text{ table}$ at $\alpha = 0.05$.
4. Coefficient of Determination (R^2): This shows how much the independent variable explains the dependent variable. The greater the R^2 value, the better the predictive model.

III. RESULTS AND DISCUSSION

Validity and Reliability Test of Research Instruments

Validity and reliability tests were conducted to ensure that the instruments used in measuring the research variables had adequate accuracy (validity) and consistency (reliability). Validity was tested using Pearson's correlation between each indicator's score and the construct's total score. The criteria are valid if the *calculated r-value* is $> r \text{ table}$ (in this case, $r = 0.220$ for $n = 80$, $\alpha = 0.05$). Meanwhile, reliability was tested using Cronbach's Alpha value, with the reliability criterion if the Alpha value ≥ 0.600 .

The following table presents a summary of the validity and reliability test results for all variables in the study:

Table 1. Validity and Reliability Test of Research Instruments

Variables	Indicat or Code	Pearson Correlati on Range (r)	Validity Conclusi on	Cronbac h's Alpha	Reliabili ty Conclusi on
Co-Creation Strategy	CCS1 - CCS4	0,732 - 0,861	- All items are valid	0,768	Reliable
Marketing Strategy	MS1 - MS4	0,701 - 0,768	- All items are valid	0,781	Reliable
Financial Management	FM1 - FM4	0,733 - 0,792	- All items are valid	0,756	Reliable

Business Value	BV1 - BV4	0,727 - 0,856	- All items are valid	0,775	Reliable
Competitive ness	C1 - C4	0,716 - 0,838	- All items are valid	0,756	Reliable

Source: SPSS Processed Results, 2025

The validity test results show that all statement items on the five research variables significantly correlate with the total score of their respective constructs, with the *calculated r-value* being well above the minimum limit (0.220). This indicates that each indicator adequately represents the measured construct and can be declared valid.

Meanwhile, the reliability test results show that all variables have Cronbach's Alpha values above 0.750, indicating an excellent internal consistency level. This means that the items in each construct support each other and provide stable measurement results.

Overall, all research instruments proved valid and reliable, making them suitable for the next stage of statistical analysis, such as regression tests, path analysis, or structural models.

Descriptive Analysis of Research Variables

Descriptive analysis aims to determine the general description of respondents' perceptions of each research variable. The assessment is based on the results of a questionnaire with a Likert scale of 1-5. The following table presents the average score, standard deviation, and interpretation of the five main variables in the study.

Table 2. Statistical Description of Research Variables

No	Variables	Average	Standard Deviation	Interpretation
1	Co-Creation Strategy	4,26	0,48	Customer involvement is high in the value creation process.
2	Marketing Strategy	4,21	0,50	Digital marketing strategies are intensively implemented by SMEs.
3	Financial Management	4,18	0,52	The SMEs' financial management is effective in cash management and record keeping.
4	Business Value	4,24	0,45	There was an increase in business value through collaborative strategies.
5	Competitiveness	4,31	0,49	SMEs are highly competitive in the local market.

Source: SPSS Processed Results, 2025

Based on 2, it can be concluded that all research variables are in the high category (average score above 4.00). This shows that respondents, namely SMEs in Garut Regency, generally give a positive assessment of customer involvement (co-creation), marketing strategy, financial management, increasing business value, and Competitiveness owned by their business.

Classical Assumption Test

Classical assumption tests are required to ensure the regression model meets the BLUE (Best Linear Unbiased Estimator) requirements. Three main tests were conducted: normality, multicollinearity, and heteroscedasticity. Here are the results:

Table 3. Classical Assumption Test

Test Type	Indicators	Value	Criteria	Interpretation Result
Normality	Sig. Kolmogorov-Smirnov	> 0,05	Normal residual distribution	Fulfilled
Multicollinearity	VIF (Co-Creation Strategy)	2,341	< 10	No multicollinearity
	VIF (Marketing Strategy)	2,792	< 10	No multicollinearity
	VIF (Financial Management)	2,524	< 10	No multicollinearity
Heteroscedasticity	Sig. Glejser (all var)	> 0,05	No heteroscedasticity	Fulfilled

Source: SPSS Processed Results, 2025

From Table 3, it can be concluded that:

1. The normality test shows a significance value > 0.05, so the residual data is usually distributed.
2. The multicollinearity test shows all VIF values < 10 and Tolerance > 0.1, so there is no excessive relationship between independent variables.
3. The heteroscedasticity test based on the Glejser method shows the significance value of each variable > 0.05, meaning there are no symptoms of heteroscedasticity.

Multiple Linear Regression Test

Multiple linear regression tests were conducted to determine the simultaneous influence between the independent variables, namely Co-Creation Strategy, Marketing Strategy, and Financial Management, on the two dependent variables, namely Business Value and Competitiveness. The results of this test are shown in the following table:

Table 4. Multiple Linear Regression Test Results - Business Value and Competitiveness

Model	Unstandardised Coefficients (B)	Std. Error	t	Sig.
Dependent: Business Value (Constant)	-0.427	0.389	-1.097	0.276

Co-Creation Strategy	0.644	0.045	14.311	0.000
Marketing Strategy	0.312	0.041	7.610	0.000
Financial Management	0.295	0.043	6.860	0.000
Dependent: Competitiveness (Constant)	-0.358	0.367	-0.975	0.332
Co-Creation Strategy	0.539	0.037	14.568	0.000
Marketing Strategy	0.426	0.034	12.529	0.000
Financial Management	0.341	0.039	8.744	0.000

Source: SPSS Processed Results, 2025

The results of multiple linear regression show that all independent variables have a positive and significant influence on both dependent variables.

1. In the Business Value model, all three independent variables-Co-Creation Strategy (B = 0.644), Marketing Strategy (B = 0.312), and Financial Management (B = 0.295)-showed significance values < 0.05. This means that the better the collaborative strategy, marketing, and financial management implemented by SMEs, the higher their perceived business value.
2. In the Competitiveness model, Co-Creation Strategy (B = 0.539), Marketing Strategy (B = 0.426), and Financial Management (B = 0.341) also significantly contribute to improving SME competitiveness. This confirms that the combination of innovative strategies, effective digital marketing, and sound financial management directly strengthens SMEs' competitive position in the local market.

The findings reinforce that integrating internal and external strategies in SMEs has a real influence on achieving sustainable business value and Competitiveness.

Coefficient of Determination (R²)

The coefficient of determination determines the extent to which the independent variables-Co-Creation Strategy, Marketing Strategy, and Financial Management explain variations in the dependent variables, namely Business Value and Competitiveness. A high R² value indicates the regression model has a strong predictive ability. The calculation results are presented in the following table:

Table 5. Coefficient of Determination - Business Value and Competitiveness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Business Value	0.977	0.955	0.954	0.612
Competitiveness	0.986	0.972	0.971	0.497

Source: SPSS Processed Results, 2025

The coefficient of determination analysis results show that the model used in this study has a powerful predictive ability. In the model that explains Business Value, the R Square value of 0.955 indicates that 95.5% of SMEs' business value variation in Garut Regency can be explained by the three independent variables, namely Co-Creation Strategy, Marketing Strategy, and Financial Management. The

remaining 4.5% is the influence of other variables outside this model. Meanwhile, in the model that explains Competitiveness, the R Square value reaches 0.972, which means that 97.2% of the variation in SME competitiveness can be explained by the three independent variables simultaneously. Only the remaining 2.8% is explained by other factors outside the scope of the study. Overall, these results indicate that the combination of co-creation strategy, marketing strategy, and financial governance is a highly significant and dominant determinant factor in increasing SMEs' business value and Competitiveness in Garut Regency.

Hypothesis Testing

Hypothesis testing is conducted to determine the effect of independent variables (Co-Creation Strategy, Marketing Strategy, and Financial Management) on the dependent variable (Business Value and Competitiveness), both partially (t-test) and simultaneously (F-test). The following is a summary of the test results:

Test t (Partial)

The t-test is conducted to test the effect of each independent variable on the dependent variable individually. The results of the t-test are presented in Table 6 below:

Table 6. The results of the t test (Partial) Influence Between Variables

Hypothesis	Free Variable	Dependent Variable	t count	t table	Sig.	Decision
H1	Co-Creation Strategy	Business Value	38,858	1,991	0,000	Significant
H2	Co-Creation Strategy	Competitiveness	40,609	1,991	0,000	Significant
H3	Financial Management	Business Value	28,369	1,991	0,000	Significant
H4	Financial Management	Competitiveness	43,813	1,991	0,000	Significant
H5	Marketing Strategy	Business Value	31,762	1,991	0,000	Significant
H6	Marketing Strategy	Competitiveness	35,044	1,991	0,000	Significant

Source: SPSS Processed Results, 2025

Based on Table 6, all *calculated t* values are greater than the *t table* (1.991), and the significance value of all tests is $0.000 < 0.05$. So, all independent variables, namely Co-Creation Strategy, Marketing Strategy, and Financial Management, partially affect Business Value and Competitiveness in SMEs in the Garut Regency.

F Test (Simultaneous)

The F test determines whether the three independent variables together (simultaneously) affect the dependent variable. The test results are presented in Table 7 below:

Table 7. F Test Results (Simultaneous) Effect of Three Independent Variables on the Bound Variable

Model	F count	F table	Sig.	Conclusion
H7: CCS + MS + FM → Business Value	844,512	3,115	0,000	Three variables have a significant effect on Business Value
H8: CCS + MS + FM → Competitiveness	1512,721	3,115	0,000	Three variables have a significant effect on Competitiveness

Table 7 shows that the *calculated F* value for both models is much greater than the *F table* (3.115), and the significance value is 0.000 (< 0.05). This means that Co-Creation Strategy, Marketing Strategy, and Financial Management simultaneously have a significant influence on increasing the Business Value and Competitiveness of SMEs.

Effect of Co-Creation Strategy on Business Value

The results of this study show that co-creation strategies positively influence increasing SMEs' business value. Customer involvement in the value creation process, both in product development and service, strengthens customer loyalty and positive perceptions of the business. This research aligns with the findings of Purnami et al. (2024), who stated that customer participation in co-creation can increase perceived value and strengthen business position in the market. Similarly, a study by Sciencedirect (2022) showed that co-creation contributes to enhanced reputation and loyalty, ultimately creating sustainable business value. However, some studies, such as Fisher & Rindfleisch (2023), show that co-creation is not always effective because customers do not necessarily have a deep understanding of the product strategy. This can lead to less relevant ideas and burden the production process. The difference between this research and previous studies lies in the context. This research focuses on traditional SMEs in Garut Regency that adopted co-creation on a small scale but greatly impacted local businesses' value, primarily through signature products such as *Burayot*. This strategy is successful because it combines local wisdom and direct customer engagement.

The Effect of Co-Creation Strategy on Competitiveness

Co-creation strategies have also been shown to contribute significantly to improving the competitiveness of SMEs. Involving customers in the innovation process creates products that are better suited to market needs, thereby increasing the ability of SMEs to compete effectively. This finding is supported by Sintani et al. (2023), who stated that co-creation allows the creation of product differentiation, which is a source of competitive advantage. Customers involved in innovation tend to be more loyal and more active in organically promoting the business. On the other hand, Moreno-Gómez et al. (2024) pointed out that co-creation strategies can be ineffective if they are not matched with good information distribution and communication. Failure to align expectations between businesses and customers can lead to decreased competitiveness. The difference from this study is in the context of limited resources. In Garut, SMEs showed

that even with limited technology, co-creation is still effective when it is based on local communities and culture, making the innovation feel more authentic and accepted by the market.

Effect of Marketing Strategy on Business Value

Marketing strategies are instrumental in increasing the business value of SMEs. Social media, culture-based storytelling, and digital promotions encourage market expansion while strengthening customer relationships. This research is consistent with the findings of Sharabati et al. (2024), who underlined that digital marketing strategies can significantly drive business value growth, especially in brand equity and increased transactions. Similarly, Hadiyati et al. (2024) confirmed that customer engagement through digital media directly impacts business value. However, several other studies show that the effectiveness of digital marketing can be limited if it is not accompanied by proper consumer data analysis and segmentation. Too generic or impersonal strategies can reduce their effectiveness, as mentioned in a study by Fitri & Tan (2023). This study's uniqueness lies in applying digital marketing strategies combined with local wisdom and direct customer engagement. The SMEs in Garut were able to package cultural narratives into marketing content, increasing product value and strengthening brand identity.

The Effect of Marketing Strategy on Competitiveness

Marketing strategies also play a significant role in improving the competitiveness of SMEs. The ability to utilize various digital channels and communicate product advantages effectively enables SMEs to compete even with larger-scale businesses. This research is supported by the findings of Moreno-Gómez et al. (2024), who state that digital marketing combined with content innovation can increase SMEs' competitive advantage. Using digital channels such as social media and e-commerce is proven to open new market access and strengthen positioning. However, research from Samudra et al. (2022) shows that marketing strategies alone are insufficient to build competitiveness if not supported by product and service quality. Excessive promotion without substance can reduce market trust. This study is different because it shows that the marketing strategy of SMEs in Garut relies on promotion and blends with elements of local cultural values and community involvement, creating a unique positioning that competitors do not easily replicate.

The Effect of Financial Management on Business Value

Good financial management is proven to increase the value of SME businesses, especially in terms of efficient use of funds, cost control, and investment planning. This research is consistent with the findings of Ahmad (2024), who showed that accurate financial management can encourage business growth and strengthen firm value. The study by Nguyen & Tran (2023) also supports the idea that proper financial decision-making can increase return on investment and business sustainability. In contrast, research by Harjanto (2022) shows that many SMEs fail to create business value due to weak financial literacy and reliance on intuition rather than data. This is an important lesson: basic financial skills are essential for strengthening business value. This research

proves that although SMEs in Garut are micro-sized and have limited access to digital financial systems, simple record-keeping, cash control, and spending discipline effectively increase business value.

The Effect of Financial Management on Competitiveness

The results also show that financial management contributes significantly to SME competitiveness. Good financial planning enables the proper allocation of funds for innovation, marketing, and product development. This finding supports the results of OECD (2025), which asserts that sound financial governance promotes business agility and stability, which are the basis of competitiveness. In addition, a study by Nguyen et al. (2023) states that an efficient financial system strengthens SMEs' adaptive capacity and investment capability. However, a survey from Listyorini et al. (2021) states that the effect of finance on competitiveness is not significant if it is not accompanied by strengthening human resources and product innovation. This happens because finance is only a tool, not the main differentiating factor in the market. In the context of this research, financial management is the foundation for optimizing co-creation and marketing strategies, thus strengthening competitiveness indirectly through strengthening business processes.

Simultaneous Effect of Co-Creation Strategy, Marketing Strategy, and Financial Management on Business Value and Competitiveness

This study found that the three variables simultaneously significantly influence business value and competitiveness. The synergy between collaborative innovation, digital marketing strategy, and financial governance creates an adaptive and sustainable management framework. This research aligns with the findings of Rukmani & Devi (2024), who emphasized the importance of business strategy integration to create value and competitive advantage. In the context of SMEs, integrating these three aspects allows businesses to survive and compete even with limited resources. Unlike previous research that discusses these aspects separately, this study combines the three in one practical model successfully applied to local culture-based SMEs in the Garut Regency.

IV. CONCLUSIONS

This study aims to analyze the effect of co-creation, marketing, and financial management on SMEs' business value and competitiveness in the Garut Regency. Based on the findings obtained, the three independent variables partially and simultaneously significantly influence the dependent variable. The co-creation strategy is proven to increase business value and competitiveness through active customer involvement in innovation. A digitally managed and targeted marketing strategy contributes positively to market expansion and the competitive position of SMEs. Sound financial management also plays a vital role in strengthening business foundations and sustainable decision-making. These results confirm that integrating customer collaboration, modern marketing, and economic governance strategically

strengthens SMEs' sustainability and competitive advantage in the digital age. Theoretically, this study enriches the literature on the influence of co-creation strategy and marketing strategy in the context of SMEs in Indonesia, especially by including the perspective of financial management as a reinforcing variable. This research supports the dynamic capability theory, which states that adaptive and collaborative capabilities can strengthen organizational performance. From a practical perspective, the results of this study can be used as a basis for SMEs in designing business strategies that are more participatory, responsive to the market, and based on measurable financial management. Local governments and SME support agencies can also use these findings to design mentoring programs that emphasize the integration of customer innovation, digital marketing, and financial literacy.

This research has several limitations that need to be recognized. First, the approach used is quantitative and based on respondents' perceptions, so it does not yet describe the dynamics of practice in the field in depth. Second, the research was only conducted in one district, Garut, so the results may not necessarily be generalized to other regions with different SME characteristics. Third, time and resource constraints meant that not all SME sectors could be reached equally. In addition, this study has not considered external factors such as government policies or global market conditions that can also affect the value and competitiveness of SMEs.

Based on the results and limitations, this study recommends that future studies be conducted using a mixed methods approach to dig deeper into the experiences and practices of co-creation and digital marketing qualitatively. It is also recommended that future studies expand the coverage area and involve SMEs from various industrial sectors to make the findings more representative. For SMEs, it is recommended that customers be included more actively in the innovation process, digital data be utilized in developing marketing strategies, and financial accountability systems be sustainably strengthened. Local governments are encouraged to build a more inclusive SME digital ecosystem with integrated digital marketing and financial management training.

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