

THE ROLE OF DIGITAL ORGANIZATIONAL CULTURE, INTELLECTUAL CAPITAL, ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG), AND GOVERNMENT POLICY ON FINANCIAL PERFORMANCE

Siti Ulfa Yanti^{1*}, Yanis Ulul Az'mi²

Sitiulfayanti4@gmail.com*

Universitas Wijaya Kusuma Surabaya, Indonesia^{1,2}

Accepted:	Reviewed:	Published:
July 13, 2026	July 19, 2026	August 31, 2026

Abstract

Increasing the competitiveness of MSMEs, supported by effective organizational resource management and adequate policy support, will lead to optimal financial performance. This study aims to investigate how government policy, intellectual capital, environmental, social, and governance (ESG), and digital organizational culture affect the financial performance of MSMEs in the Surabaya food and beverage (F&B) industry. This study employs a survey method as part of a quantitative approach. The research sample comprised 359 MSMEs in the food and beverage industry registered with the Surabaya City E-Peken application. Questionnaires were used to gather data, and IBM SPSS Statistics version 25 was used for analysis, using multivariate linear regression. The findings indicate that Digital Organizational Culture, Intellectual Capital, Environmental, Social, and Governance (ESG), and Government Policy partially and simultaneously influence the Financial Performance of MSMEs. These findings indicate that increasing the implementation of Digital Organizational Culture, Intellectual Capital management, Environmental, Social, and Governance (ESG) implementation, and Government Policy support contributes to improving the Financial Performance of MSMEs in the Food and Beverage sector in Surabaya City.

Keywords: Digital Organizational Culture; Intellectual Capital; ESG; Financial Performance; MSMEs

*Correspondence Author



By Authors

This work is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/).

1. Introduction

Micro, Small, and Medium-Sized Businesses (MSMEs) in the food and beverage (F&B) sector have seen fundamental changes in how they conduct business as a result of the global trend of going digital. The capacity of Micro,

Small, and Medium-Sized Enterprises (MSMEs) to develop an organizational culture that is responsive to digital technology, efficiently manage intellectual capital, and address sustainability demands through the application of Environmental, Social, and Governance (ESG) principles are critical factors in guaranteeing business continuity and enhancing financial performance in the face of increasingly complex competitive dynamics. Digitalization not only serves as an operational tool but also shapes work patterns, data-driven making choices and utilizing financial technology (Fintech), thereby enhancing efficiency and expanding financial access. Although Micro, Small, and Medium Enterprises (MSMEs) contribute significantly to the financial systems of various developing countries, including the Southeast Asian region, this sector still faces structural obstacles that restrict its capacity to optimal financial performance (Akhtar et al., 2025).

MSMEs, or micro, small, and medium-sized Businesses are the backbone of Indonesia's economy, employing 97% of the country's workforce and contributing 60.51% of GDP, according to the most recent report (ANTARA, 2025b). According to ANTARA (2025), official In Indonesia, there are 65.5 million Micro, Small, and Medium-Sized Enterprises (MSMEs), based on information from the Ministry of Intellectual Capital, Small and Medium Enterprises, employing 119 million people and contributing 61.9% to the country's GDP. This shows how important this industry is to job creation and economic growth.

Law No. 20 of 2008 of the Indonesian Republic on Micro, Small, and Medium-Sized Enterprises (MSMEs) provides a specific definition of MSMEs in Indonesia based on revenue requirements. A micro enterprise is one with Revenue of up to Rp300,000,000.00 each year; a small enterprise has annual revenue of more than Rp300,000,000.00 up to Rp2,500,000,000.00; whereas the yearly turnover of medium-sized businesses ranges from more than Rp2,500,000,000.00 to Rp50,000,000,000.00 (Law Number 20 of 2008 Concerning Micro Enterprises, Republic of Indonesia, 2008). This condition is also evident at the regional level, especially in Surabaya, one of Indonesia's centers of economic growth. Recent data shows that Surabaya now has more Micro, Small, and Medium-Sized Enterprises (MSMEs) has increased significantly, reaching more than 106,392 units, a growth of approximately 40% since 2021, demonstrating the rapid expansion of the MSME sector in the city. This growth is supported by various innovations and strategies from the local government to encourage

economic recovery, including a push for business digitalization in response to modern economic pressures (Suara Surabaya, 2025).

Based on Surabaya city statistics, the presence of Micro, Small, and Medium Enterprises (MSMEs) in Surabaya is also involved in trade activities and local small businesses, with a total of 325,000 business units, reflecting the central role of this sector in the local economic structure (Surabaya City Statistics Agency, 2025). Despite this substantial contribution, MSMEs (micro, small, and medium-sized enterprises) still face various obstacles, including limited use of Fintech (Financial Technology) and digitalization to support optimal financial management. These limitations can hamper the productivity, competitiveness, and stability of the financial performance of Micro, Small, and Medium Enterprises (MSMEs). This circumstance highlights the significance of research on the digitalization of MSMEs, like digital organizational culture, intellectual capital management, the application of environmental, social, and governance (ESG) factors, and the role of government policies in enhancing the influence of digitization on Surabaya's MSMEs' financial results.

Although the Surabaya City Government has developed various digitalization programs (including the E-Peken platform), their implementation among MSMEs still faces several challenges. Research by Josilina et al. (2025) indicates that the digital readiness (e-readiness) of MSMEs in Surabaya remains suboptimal, particularly regarding information technology knowledge, experience in using technology, and management support for the utilization of digital technologies. Furthermore, the implementation of Environmental, Social, and Governance (ESG) practices among MSMEs in Surabaya has not yet been fully integrated into business operations. While MSME operators possess a good level of understanding regarding ESG, its application remains fragmented and unsystematic, highlighting the continued need for training, mentoring, and government policy support (Sholeha et al., 2026). These conditions demonstrate that the success of digital transformation depends not only on the provision of digital platforms but is also influenced by digital organizational culture readiness, intellectual capital management, ESG implementation, and the effectiveness of government policies in supporting improved MSME financial performance.

Prior research has shown that MSMEs, or micro, small, and medium-sized businesses, performance is favorably impacted by digital organizational culture by increasing efficiency, decision-making speed, and the utilization of financial

technology (Merín-Rodrigáñez et al., 2024). Furthermore, Intellectual Capital has been shown to significantly influence Micro, Small, and Medium-Sized Enterprises' (MSMEs) financial performance because it reflects the quality of a company's human resources, organizational systems, and external relationships (Liu et al., 2022).

Additionally, because sustainability practices can improve the reputation, stakeholder trust, and long-term financial performance of Micro, Small, and Medium-Sized Enterprises (MSMEs), the application of Environmental, Social, and Governance (ESG) principles and intellectual capital is receiving more attention. According to Akhtar et al. (2025), government support and policies don't always directly impact Micro, Small, and Medium-Sized Enterprises' (MSMEs) financial performance. Instead, they work through intermediary mechanisms like internal competitive advantages and the adoption of digital technology. This circumstance emphasizes how important government policies are in determining how well digital transformation and intangible resource management work in Micro, Small, and Medium-Sized Enterprises (MSMEs).

This study is grounded in the Resource-Based View (RBV) as the grand theory and Institutional Theory as the supporting theory to explain the relationships between variables. The RBV views an organization as a collection of strategic resources that are heterogeneous, valuable, rare, inimitable, and non-substitutable, thereby enabling the creation of sustainable competitive advantage (Widagdo et al., 2019). In this study, Digital Organizational Culture, Intellectual Capital, and Environmental, Social, and Governance (ESG) factors are positioned as strategic resources capable of enhancing the financial performance of MSMEs if managed effectively. Meanwhile, Institutional Theory (serving as the supporting theory) explains that organizational behavior is influenced not only by internal resources but also by institutional environmental pressures, such as government policies and regulations (DiMaggio & Powell, 2010). Consequently, government policy is viewed as an external factor that drives organizations to adopt digital practices, develop Intellectual Capital, and implement ESG principles, thereby enhancing organizational legitimacy and business performance. The integration of the RBV as the grand theory and Institutional Theory as the supporting theory provides a conceptual foundation indicating that MSME financial performance is influenced by both the management of internal strategic resources and support from the institutional environment.

There are still gaps in the literature that require more investigation, despite the fact that numerous studies have looked at the connections between Digital Organizational Culture, Intellectual Capital, the Environment, Social Issues, and Governance (ESG), as well as Government Policy. Most previous studies have only examined each variable separately, thus failing to offer a thorough comprehension of the impact of all four variables within a single research model. Furthermore, studies that particularly look at how these four factors affect the financial performance of MSMEs in Surabaya's food and beverage industry remains relatively limited.

Various studies have examined the relationships between digital organizational culture, intellectual capital, Environmental, Social, and Governance (ESG) factors, and government policies regarding the financial performance of MSMEs. Merín-Rodrigáñez et al. (2024) focused their research on the impact of digital transformation on firm performance, mediated by business model innovation. Research by Amitrano et al. (2025) investigated the links between intellectual capital, ESG, competitive advantage, and financial performance. The findings from these studies remain inconsistent. Akhtar et al. (2025), Liu et al. (2022), Momtaz and Parra (2025), and Riyanti and Astuti (2024) found that digital organizational culture, intellectual capital, ESG, and government policies positively influence financial performance and overall MSME performance. However, Gholami et al. (2022) demonstrated that ESG does not significantly affect the financial performance of SMEs, whereas Jayeola et al. (2022) found that government support does not directly impact financial performance but operates through mediating mechanisms involving digital technology implementation and competitive advantage.

This study's objective is to quantify the impact of government policy, intellectual capital, environmental, social, and governance (ESG), and digital organizational culture on micro, small, and medium-sized businesses' (MSMEs) financial performance in Surabaya City's food and beverage industry. The research objective, which focuses on evaluating the impact of Digital Organizational Culture, Intellectual Capital, Environmental, Social, and Governance (ESG), and Government Policy on Financial Performance based on the circumstances that existed at the time of the study, informs the design choice. This approach was also used by Akhtar et al. (2025). This research uses a quantitative approach by referring to previous theories and empirical findings developed by Akhtar et al., (2025) and supporting research related to Digital

Organizational Culture, Intellectual Capital, Environmental, Social, and Governance (ESG), and government policy on Micro, Small, and Medium-Sized Enterprises (MSMEs) are then converted into a research model based on Surabaya's MSMEs and Fintech (financial technology). The results of this investigation are expected to enhance scholarly research as well as offer useful advantages for MSMEs and the government in promoting digital transformation and the sustainability of MSMEs in Indonesia.

Hypothesis Development

The Influence of Digital Organizational Culture on the Financial Performance of MSMEs

Digital Organizational Culture refers to habits, mindsets, and work patterns within a business that support utilizing digital technology to enhance operational effectiveness and business performance (Akhtar et al., 2025). As stated by the Resource-Based View (RBV), Digital Organizational Culture is an internal resource that may serve as a strategic asset in improving organizational performance. Previous empirical Additionally, research has demonstrated that Digital Organizational Culture has a major impact on improving MSMEs' financial performance (Akhtar et al., 2025).

H1: Digital Organizational Culture influences MSME Financial Performance.

The Influence of Intellectual Capital on the Financial Performance of MSMEs

One intangible asset is intellectual capital owned by a business, comprising knowledge, skills, organizational systems, and relationships with external parties that can improve business performance (Akhtar et al., 2025). As stated by the Resource-Based View (RBV), intellectual capital is an internal resource that can be a strategic asset in improving performance of the organization. Previous empirical additionally, research has demonstrated that intellectual capital makes a substantial contribution significantly to MSMEs' improved financial performance through knowledge management, organizational systems, and connections with suppliers and customers (Liu et al., 2022).

H2: Intellectual capital influences MSME financial performance.

The Influence of Environmental, Social, and Governance on the Financial Performance of MSMEs

Environmental, Social, and Governance (ESG) highlights the significance of environmental, social, and governance factors in managing a sustainable business (Akhtar et al., 2025). Environmental, Social, and Governance (ESG) implementation is a strategic competence that can generate additional value and enhance organizational performance, according to the Resource-Based View (RBV). By boosting stakeholder trust, operational effectiveness, and corporate competitiveness, the use of Environmental, Social, and Governance (ESG) significantly improves financial performance, according to earlier empirical research (Amitrano et al., 2025; Momtaz & Parra, 2025).

H3: Environmental, Social, and Governance (ESG) influences the financial performance of MSMEs.

The Influence of Government Policy on the Financial Performance of MSMEs

Government policies are a form of financial and non-financial support provided to MSMEs through access to financing, business development programs, tax breaks, and regulations that support business sustainability (Akhtar et al., 2025). According to Institutional Theory, government policies and regulations play a role in shaping organizational behavior and driving improved business performance. Previous empirical studies also show that government policies have a major part in improving MSME financial performance through financing support, business capacity development, and creating a conducive business environment (Akhtar et al., 2025; Riyanti & Astuti, 2024).

H4: Government policies influence MSME financial performance.

2. Research Method

The impact of digital organizational culture, intellectual capital, environmental, social, and governance (ESG), and government policies on the financial performance of food and beverage (F&B) MSMEs in Surabaya City is examined in this study using a quantitative methodology. Since the aim of this research is to utilize statistical evaluation to evaluate the relationship between variables, the quantitative technique was employed. MSMEs within the food and beverage (F&B) sector that were registered on the Surabaya City E-Peken platform were given a questionnaire to complete in order to collect research data. IBM SPSS Statistics version 25 was then used to evaluate the gathered data. According to Sugiyono (2023), "the population is the entire set of objects or

subjects of research, while the sample is a portion of the population that represents its characteristics.” The research population comprises all MSMEs in the Food and Beverage (F&B) sector registered on the Surabaya City E-Peken platform, totaling 3,498 across 31 sub-districts. 359 responders were obtained by applying the Slovin formula with a 5% error margin to estimate the sample size. Owners or managers of MSMEs in the food and beverage (F&B) industry made up the study's respondents since they are the ones who are familiar with the internal workings of the company, such as the application of digital organizational culture, intellectual capital management, environmental, social, and governance (ESG) practices, recognized government regulations, and the state of the company's financial performance.

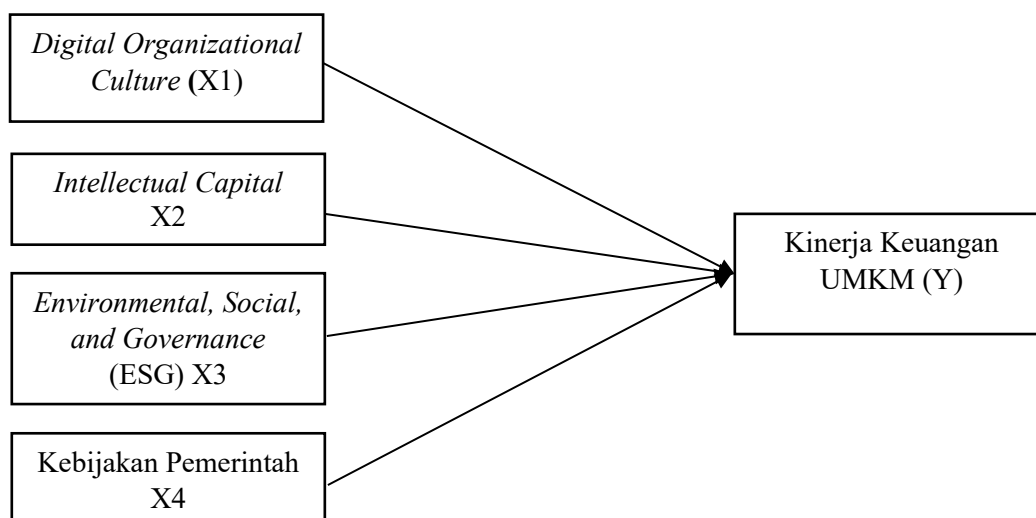
Table 1. Operational Definitions

No	Variable	Operational Definition	Indicator	Measure ment	Resource
1.	<i>Digital Organizational Culture</i>	Habits, mindsets, and work patterns within a business that support the use of digital technology in daily business activities, thereby enhancing operational effectiveness and business performance.	1. Habits regarding the use of digital technology in business operations 2. Mindset regarding the use of digital technology in business 3. Digital technology-based work patterns in business activities	11 items, Skala Likert 4 point	(Akhtar dkk., 2025) (Susanty dkk., 2025)
2.	<i>Intellectual Capital</i>	Intangible assets owned by a business (such as knowledge, skills, organizational systems, and relationships with external parties) that can enhance business performance.	1. Human Capital: business knowledge and skills 2. Structural Capital: business systems and record-keeping 3. Relational Capital: relationships with customers and suppliers	7 items, Skala Likert 4 point	(Akhtar dkk., 2025) (Gracioli dkk., 2012)
3.	<i>Environmental, Social, and Governance (ESG)</i>	a concept emphasizing the importance of environmental, social, and governance aspects in conducting business sustainably	1. Environmental aspect: proper and systematic management and disposal of business waste. 2. Social aspect: fair labor practices, decent working conditions, and concern for employee well-being. 3. Governance aspect: honest and orderly business management.	9 items, Skala Likert 4 point	(Susanty dkk., 2025) (Zhou dkk., 2023)

No	Variable	Operational Definition	Indicator	Measure ment	Resource
4.	Kebijakan pemerintah	forms of financial and non-financial support provided by the government to Micro, Small, and Medium Enterprises (MSMEs) through access to financing, business development program assistance, tax relief, and regulations that support business sustainability	1. Financial and administrative support, namely easy access to business capital and People's Business Credit (KUR), as well as tax relief. 2. Business development support, namely training, mentoring, and assistance with obtaining business licenses and utilizing digital technology.	4 items, Skala Likert 4 point	(Akhtar dkk., 2025). (Indira dkk., 2022)
5.	Kinerja Keuangan UMKM	The results of efforts to manage financial resources to achieve business objectives. This performance reflects the business's ability to generate profit and maintain operational sustainability.	1. Growth in business performance, encompassing increases in sales and operating profit. 2. Business growth, evidenced by an increase in the number of customers and employees.	5 items, Skala Likert 4 point	(Jamilah & Mardiana, 2024) Riyanti & Astuti (2024)

3. Result and Discussion

This research involved 359 Food and Beverage (F&B) MSMEs registered on the E-Peken platform in Surabaya. Based on the results of data processing with IBM SPSS Statistics, the characteristics of study participants 25, showed that of the 359 respondents, the majority were female (260 people) (72.4%), while male respondents numbered 99 people (27.6%). Age-wise, the majority of responders were between the ages of 31 and 45 (222 individuals; 61.8%), followed by those between the ages of 46 and 60 (91 individuals) (25.3%) and 18-30 years old (46 people) (12.8%). Regarding the vast majority of those surveyed had either finished high school or a vocational high school as their most recent educational experience. graduates or equivalent (153 people (42.6%), followed by 129 bachelor's degree graduates (35.9%), 72 diploma graduates (20.1%), 4 junior high school graduates (1.1%), and 1 elementary school graduate (0.3%). Based on the number of employees, most MSMEs had less than 3 employees (253 businesses (70.5%), while 106 businesses (29.5%) had 3-10 employees. All respondents in this study had business revenues of less than IDR 300 million per year, totaling 359 MSMEs (100%).

Figure 1. Research Model


Sumber: Secondary Data, 2026

Analysis Statistics Descriptive

Table 1 shows that 359 respondents participated in this survey. The Digital Organizational Culture (X1) variable has a mean of 26.81, a standard deviation of 8.730, a minimum of 11, and a maximum of 44. The Intellectual Capital (X2) variable has a mean of 17.36, a standard deviation of 5.994, a minimum of 7, and a maximum of 28. The Environmental, Social, and Governance (ESG) (X3) variable has a mean of 23.04, a standard deviation of 7.136, a minimum of 9, and a maximum of 36.

Table 2. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Digital Organizational Culture	359	11.00	44.00	26.81	8.730
Intellectual Capital	359	7.00	28.00	17.36	5.994
ESG	359	9.00	36.00	23.04	7.136
Government Policy	359	4.00	16.00	9.99	3.398
Financial Performance	359	5.00	20.00	12.53	4.299
Valid N (listwise)	359				

Source: Data processing results (2026)

The Government Policy variable (X4) has an average of 9.99, a standard deviation of 3,398, a minimum of 4, and a maximum of 16. The MSME Financial

Performance variable (Y), on the other hand, has a minimum of 5, a maximum of 20, an average of 12.53, and a standard deviation of 4.299. The research data is appropriate as a foundation for statistical analysis in the following step, according to the descriptive statistics.

Validity and Reliability Testing

Table 3. Validity and Reliability Tests

Variable	Items	r Value	r Table	Cronbach's Alpha	Decision
Digital Organizational Culture	11	0,697-0,776	0,104	0,914	Valid and Reliabel
Intellectual Capital	7	0,764-0,792	0,104	0,890	Valid and Reliabel
ESG	9	0,695-0,771	0,104	0,893	Valid and Reliabel
Kebijakan Pemerintah	4	0,791-0,808	0,104	0,814	Valid and Reliabel
Kinerja Keuangan	5	0,782-0,801	0,104	0,849	Valid and Reliabel

Source: Data processing results (2026).

Based on Table 3, all indicators for each variable yielded calculated r-values exceeding the r-table value (0.104), ranging from 0.695 to 0.808; consequently, all statement items were deemed valid. Furthermore, all variables exhibited Cronbach's Alpha values between 0.814 and 0.914—surpassing the minimum threshold of 0.60—indicating that the instruments were reliable. Thus, the research instruments met the criteria for validity and reliability, making them suitable for use in multiple linear regression analysis.

Table 4. Normality Test Results

	Unstandardized Residual
N	359
Asymp. Sig. (2-tailed)	0.200 ^{c,d}

Source: Data processing results (2026).

The results of the Table 4's One-Sample Kolmogorov-Smirnov test for normalcy which display an Asymp. Sig, indicate that The regression model's residuals have a typical distribution. worth of 0.200 is higher than 0.05. As a result, the regression model satisfies the normalcy assumption and may be applied to analysis of multiple linear regression. Thus, regression parameter estimation and hypothesis testing via t-tests and F-tests can be conducted validly, yielding reliable estimates.

Table 5. Heteroscedasticity Test Results

Model	Sig.
(Constant)	0.000
<i>Digital Organizational Culture</i>	0.068
<i>Intellectual Capital</i>	0.106
ESG	0.583
Government Policy	0.766

Source: Data processing results (2026).

According to Table 5, the Glejser method's heteroscedasticity test results indicate that the Intellectual Capital (X2) variable has a significance value of 0.106 and the Digital Organizational Culture (X1) The variable's significance value is 0.068 Environmental, Social, and Governance (ESG) variable (X3) is 0.583, and the Government Policy (X4) variable is 0.766. All significance values are above the 0.05 significance level, indicating if the regression model shows no signs of heteroscedasticity. These results indicate that the residual variance is constant and unaffected by each independent variable. Thus, The regression model satisfies the requirements to be used in a multiple linear regression study under the assumption of homoscedasticity in the next stage.

The autocorrelation test revealed a Durbin-Watson value of 1.945, within the 1.5–2.5 range, showing that the regression did not exhibit autocorrelation model. As a result, the regression model was appropriate for multiple linear regression analysis and satisfied the autocorrelation assumptions.

Table 6. Multicollinearity Test Results

Collinearity Statistics			
Model	(Constant)	Tolerance	VIF
1	<i>Digital Organizational Culture</i>	0.864	1.158
	<i>Intellectual Capital</i>	0.861	1.162
	ESG	0.826	1.210
	Government Policy	0.866	1.155

Source: Data processing results (2026).

The variables Digital Organizational Culture (X1), Intellectual Capital (X2), Environmental, Social, and Governance (ESG) (X3), and Government Policy (X4) possess a tolerance value more than 0.10 and a Variance Inflation Factor (VIF) value less than 10, as indicated by Table 6's multicollinearity test results. These findings show Because the independent variables do not significantly

correlate because the regression model does not contain multicollinearity. Consequently, the regression model can be applied in the subsequent stage of analysis of multiple linear regression.

Table 7. F Test Results

Model		t	Sig.
1	Regression	26.473	.000 ^b
	Residual		
	Total		

Source: Data processing results (2026).

With a computed F value of 26.473 and a significance level of 0.000 (<0.05), the F test results demonstrate that H_0 is rejected and H_a is accepted, as can be seen from the table above. These results show that government policies, intellectual capital, environmental, social, and governance (ESG), and digital organizational culture all have an effect on MSMEs' financial performance at the same time.

Table 8. Results of the Determination Coefficient (R^2) Test

Model	R	R Square	Adjusted R Square
1	0.480 ^a	0.230	0.222

Source: Data processing results (2026).

Digital Organizational Culture, Intellectual Capital, Environmental, Social, and Governance (ESG), and Government Policies can account for 23.0% of the variation in MSME Financial Performance, according to Table 6's R Square value of 0.230. In contrast, variables not included in the research model have an impact on the remaining 77.0%. A moderate association is indicated by the R value of 0.480. Meanwhile, the Adjusted R-squared value of 0.222 indicates that the model's ability to explain the variation in MSME financial performance is moderate. This suggests that other factors outside the model may influence MSME financial performance.

Multiple Linear Regression Analysis Test

Table 9. Results of Multiple Linear Regression Analysis

Collinearity Statistics				Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.378	0.925		3.652	0.000

Collinearity Statistics				Standardized Coefficients		
	Digital Organizational Culture	0.079	0.025	0.161	3.202	0.001
	Intellectual Capital	0.077	0.036	0.107	2.126	0.034
	ESG	0.164	0.031	0.272	5.303	0.000
	Government Policy	0.192	0.063	0.152	3.035	0.003

Source: Data processing results (2026).

$$Y = 3,378 + 0,079X_1 + 0,077X_2 + 0,164X_3 + 0,192X_4$$

The initial MSME Financial Performance when all independent factors remain unchanged value is represented by the constant value of 3.378. Digital Organizational Culture 0.079, Intellectual Capital 0.077, Environmental, Social, and Governance (ESG) (0.164), and Government Policy 0.192 are the independent variables with positive regression coefficients. These findings suggest that an increase follows an increase in each independent variable in MSME Financial Performance.

The Influence of Digital Organizational Culture (X1) on the Financial Performance of MSMEs (Y)

H1 is accepted because the testing of hypotheses the findings indicate that MSMEs' financial performance is significantly and favorably impacted by the cultures of digital enterprises. The regression coefficient is 0.079, the t-value is 3.202, and the significance level is $0.001 < 0.05$. the Digital Organizational Culture variable had a positive influence, according to the t-test results. These findings suggest that MSMEs' financial performance increases with improved Digital Organizational Culture deployment. MSMEs can increase marketing, boost business management, and enhance operational effectiveness by utilizing digital technology including social networking, E-Peken, QRIS, and business recording tools. This finding is consistent with the Resource-Based View (RBV), which maintains that an organization's internal resources can be strategic assets for improving performance. The results of this study corroborate the conclusions of Akhtar et al. (2025), They claim that financial performance is positively impacted by digital organizational culture of MSMEs through increased operational efficiency and digital adaptability.

The characteristics of MSMEs in Surabaya's food and beverage sector predominantly micro-enterprises with fewer than three employees facilitate

faster decision-making processes, thereby easing the adoption of digital technologies. The use of social media, QRIS, financial recording applications, and the E-Peken platform has become part of the daily work culture, helping business owners enhance operational efficiency, expand market reach, and accelerate customer service. These findings support the research of Akhtar et al. (2025), which indicates that digital organizational culture positively influences MSME financial performance by boosting operational efficiency and digital adaptability. Theoretically, this study extends the application of the Resource-Based View (RBV) to the context of food and beverage MSMEs by demonstrating that a digital-based organizational culture serves as a strategic resource capable of creating competitive advantage while simultaneously improving financial performance.

The Influence of Intellectual Capital (X2) on the Financial Performance of MSMEs (Y)

H2 is approved since the hypothesis testing results show a favorable and substantial effect on the financial performance of MSMEs. The Intellectual Capital variable showed a positive influence with a t-value of 2.126, a significance level of $0.034 < 0.05$, and a regression coefficient of 0.077, according to the t-test results. These results imply that the financial performance of MSMEs increases with improved intellectual capital management. The ability of MSMEs to manage knowledge, business systems, business records, and connections with suppliers and customers can increase efficiency and create added value for the business. The Resource-Based View (RBV), which holds that internal resources including organizational capabilities and knowledge can be a source of an advantage over competitors, is in line with this conclusion. The study's findings corroborate studies (Liu et al., 2022) demonstrating the beneficial impact of intellectual capital on MSME financial performance.

In the food and beverage MSME sector, the quality of intellectual capital is significantly influenced by the business owner's ability to develop product knowledge, manage customer relationships, and leverage business experience to enhance service quality. Although most operators run micro-scale businesses, knowledge management and customer relationship management serve as vital assets for maintaining competitiveness amidst intensifying market rivalry. These findings support the study by Liu et al. (2022), which demonstrates that intellectual capital has a positive impact on the financial performance of MSMEs. Theoretically, these findings extend the application of the Resource-Based View

by showing that knowledge, business systems, and customer relationships constitute strategic resources capable of creating value-added and boosting MSME competitiveness.

The Influence of Environmental, Social, and Governance (ESG) (X3) on the Financial Performance of MSMEs (Y)

H3 is accepted since the findings of the hypothesis testing show that Environmental, Social, and Governance (ESG) significantly and favorably affects MSMEs' financial performance. The ESG variable produced a t-value of 5.303, a significance level of $0.034 < 0.05$, and a regression coefficient of 0.164 based on the t-test results, demonstrating a positive influence. These findings show that MSMEs' financial performance increases with improved ESG implementation. The implementation of ESG through environmental management, good working conditions, and responsible governance can increase customer trust and enhance the effectiveness of business management. The Resource-Based View (RBV), which holds that organizational capabilities can be a strategic resource for enhancing performance, is consistent with this conclusion. The results of this investigation corroborate those of studies by Momtaz and Parra (2025) and Amitrano et al. (2025), which demonstrate that ESG improves MSMEs' financial performance.

For MSMEs in the food and beverage sector, ESG implementation can be realized through business waste management, efficient raw material usage, maintaining a clean business environment, providing excellent customer service, and adopting more organized business governance. Although implementation remains modest and commensurate with the business scale, these practices can enhance customer trust and support business sustainability. These findings corroborate the research of Momtaz and Parra (2025) and Amitrano et al. (2025), which demonstrate that ESG has a positive impact on financial performance. Theoretically, these findings suggest that ESG implementation can be viewed as a strategic resource that not only supports business sustainability but also boosts the financial performance of MSMEs. The results also indicate that the relationship between ESG and financial performance may be influenced by other mechanisms such as business innovation or competitive advantage, thereby presenting opportunities for future research.

The Influence of Government Policy (X4) on the Financial Performance of MSMEs (Y)

H4 is accepted because the hypothesis testing results show that government policy significantly and favorably affects MSMEs' financial performance. The Government Policy variable had a t-value of 3.035, a significance value of $0.000 < 0.05$, and a regression coefficient of 0.192, showing a positive influence, according to the t-test results. These results indicate that the better the support of Government Policies, the higher the Financial Performance of MSMEs. Government support through access to financing, training, mentoring, business licensing, and business development helps MSMEs improve their management capabilities and competitiveness. This outcome is consistent with institutional theory, which maintains that laws and rules can foster an atmosphere that is favorable to the growth of organizations. The study's findings corroborate those of Riyanti & Astuti (2024) and Akhtar et al. (2025), which demonstrate that government policy improves MSME performance.

For MSMEs in Surabaya's food and beverage sector, local government support comprising training, business mentoring, marketing digitalization via the E-Peken platform, and streamlined licensing processes offers business owners opportunities to enhance managerial capabilities and expand market access. These conditions demonstrate that local government policy functions not merely as a regulatory mechanism but also as a facilitator that strengthens digital transformation and boosts MSME performance. The study's findings align with research by Riyanti and Astuti (2024) and Akhtar et al. (2025), which indicates that government policy positively influences MSME performance. Theoretically, these findings extend the application of Institutional Theory to the MSME context by demonstrating that government policy acts not only as a regulator but also as a facilitator that drives digital transformation, business capacity building, and improved financial performance among MSMEs.

4. Conclusion

This study shows that MSMEs' financial performance in the food and beverage sector in Surabaya City is significantly influenced by Digital Organizational Culture, Intellectual Capital, Environmental, Social, and Governance (ESG), and Government Policy. The financial performance of MSMEs is favorably and considerably influenced by these four factors, suggesting that the adoption of digital organizational culture, intellectual capital

management, ESG principles, and government policies support can enhance business sustainability, competitiveness, and operational efficiency. With an R^2 of 0.230, these four factors simultaneously affect MSME financial performance, meaning that the research model accounts for 23.0% of the variance in MSME financial performance. On the other hand, variables outside the research model have an impact on the remaining variation. This research has limitations because, during data collection, several MSMEs in the Food and Beverage (F&B) sector were unwilling to serve as respondents. Hence, the researcher replaced them with other MSMEs that had registered on the Surabaya City E-Peken platform. Therefore, more investigation is advised to broaden the scope of regions and business sectors and to include additional variables that could influence MSME financial performance. Practically speaking, the study's findings should help MSMEs enhance their digital organizational culture, maximize intellectual capital, apply ESG principles, and take advantage of governmental initiatives to boost their financial performance and competitiveness.

From an academic perspective, this study enriches the literature on digital organizational culture, the Resource-Based View (RBV), Environmental, Social, and Governance (ESG) implementation, and MSME financial performance by demonstrating that these four variables have a positive and significant impact on the financial performance of Food and Beverage MSMEs in Surabaya. These findings reinforce the notion that digital-based organizational culture, intellectual capital, ESG implementation, and government policy support serve as strategic resources capable of enhancing the competitiveness and financial performance of MSMEs. From a practical standpoint, the study's results can serve as a reference for MSME owners to strengthen digital work cultures, optimize intellectual capital management, and adopt ESG practices tailored to their specific business characteristics. Furthermore, these findings offer valuable insights for the Surabaya City Government, the Department of Cooperatives, SMEs, and Trade, digital platform providers, and financial institutions when designing support programs, developing digital services, and creating financing schemes that foster digital transformation and MSME sustainability.

This study has several limitations; notably, during data collection, some MSME operators were unwilling to participate as respondents, necessitating sample replacement with other MSMEs registered on the E-Peken platform. Consequently, future research is advised to expand the geographical and business sector scope, employ a longitudinal approach, and further develop the

research model by incorporating mediating or moderating variables and integrating Financial Technology or Digital Capability. Analyses based on the MSME scale are also warranted to gain a more comprehensive understanding of MSME financial performance.

5. References

- Abu, N., da Silva, F. P., & Vieira, P. R. (2025). Government support for SMEs in the Fintech Era: Enhancing access to finance, survival, and performance. In *Digital Business* (Vol. 5, Number 1). Elsevier B.V. <https://doi.org/10.1016/j.digbus.2024.100099>
- Akhtar, F., Senadjki, A., & Vija Kumaran, V. (2025). Sustainability meets digital culture: the influence of ESG on financial performance in Malaysian manufacturing SMEs. *Journal of Innovative Digital Transformation*, 2(1), 90–108. <https://doi.org/10.1108/jidt-10-2024-0031>
- Almeida, F., & Okon, E. (2025). Impact of digitalization on SMEs performance: the mediating role of IoT. *Digital Transformation and Society*. <https://doi.org/10.1108/DTS-11-2024-0240>
- Amitrano, C. C., Hani Gheith, M., Troise, C., & Cappa, F. (2025). Individual and organizational intellectual capital, ESG dimensions and competitive advantage: a focus on Italian SMEs. *Journal of Intellectual Capital*, 1–21. <https://doi.org/10.1108/jic-12-2024-0411>
- Antara. (2025a, July 16). *Pemerintah Indonesia memperkirakan 65,5 juta UMKM menyerap 119 juta tenaga kerja*. Antaranews.Com. <https://www.antaranews.com/berita/4968741/kementerian-umkm-sebut-655-juta-umkm-serap-119-juta-tenaga-kerja>
- Antara. (2025b, September 16). *Indonesia strengthens MSMEs as backbone of national economy*. Antaranews.Com. <https://en.antaranews.com/news/380325/indonesia-strengthens-msmes-as-backbone-of-national-economy>
- Badan Pusat Statistik Kota Surabaya. (2025, October 20). *PRJ Surabaya 2025: Panggung UMKM, Nadi Ekonomi Kota!* Badan Pusat Statistik Kota Surabaya. <https://surabayakota.bps.go.id/id/news/2025/10/20/634/prj-surabaya-2025-panggung-umkm-nadi-ekonomi-kota-.html>
- DiMaggio, P., & Powell, W. W. (2010). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields (translated by G. Yudin). *Journal of Economic Sociology*, 11(1), 34–56. <https://doi.org/10.17323/1726-3247-2010-1-34-56>
- Gholami, A., Murray, P. A., & Sands, J. (2022). Environmental, Social, Governance & Financial Performance Disclosure for Large Firms: Is This Different for SME Firms? *Sustainability* (Switzerland), 14(10). <https://doi.org/10.3390/su14106019>
- Gracioli, C., Godoy, L. P., Lorenzetti, D. B., & Godoy, T. P. (2012). INTELLECTUAL CAPITAL: AN INNOVATIVE TOOL IN THE SEARCH FOR COMPETITIVE

- ADVANTAGE. *Review of Administration and Innovation - RAI*, 9(4).
<https://doi.org/10.5773/rai.v9i4.778>
- Jamilah, H. M., & Mardiana, L. (2024). THE ROLE OF FINTECH AND FINANCIAL LITERACY ON MSME PERFORMANCE. *Journal of Entrepreneurship*, 36–46. <https://doi.org/10.56943/joe.v3i2.560>
- Jayeola, O., Sidek, S., Sanyal, S., Hasan, S. I., An, N. B., Mofoluwa Ajibade, S. S., & Phan, T. T. H. (2022). Government financial support and financial performance of SMEs: A dual sequential mediator approach. *Heliyon*, 8(11).
<https://doi.org/10.1016/j.heliyon.2022.e11351>
- Liu, L., Zhang, J., Xu, J., & Wang, Y. (2022). Intellectual Capital and Financial Performance of Chinese Manufacturing SMEs: An Analysis from the Perspective of Different Industry Types. *Sustainability (Switzerland)*, 14(17).
<https://doi.org/10.3390/su141710657>
- Martínez-Caro E, Cegarra Gabriel J, & Ruiz Alfonso Javier F. (2020). *An open-minded strategy towards eco-innovation: a key to sustainable growth in a global enterprise*. <https://doi.org/10.1016/j.techfore.2020.119962>
- Merín-Rodríguez, J., Dasí, Á., & Alegre, J. (2024). Digital transformation and firm performance in innovative SMEs: The mediating role of business model innovation. *Technovation*, 134.
<https://doi.org/10.1016/j.technovation.2024.103027>
- Momtaz, P. P., & Parra, I. M. (2025). Is sustainable entrepreneurship profitable? ESG disclosure and the financial performance of SMEs. *Small Business Economics*, 64(4), 1535–1564. <https://doi.org/10.1007/s11187-024-00981-5>
- Prabowo, P., & Soekardi, C. (2023). SMEs' Eco-Friendly Food Packaging Critical Factors: An Empirical Study. *International Journal of Application on Sciences, Technology and Engineering*, 1(2), 529–535.
<https://doi.org/10.24912/ijaste.v1.i2.529-535>
- Riyanti, B., & Astuti, E. D. (2024). Meningkatkan Kinerja UMKM Melalui Literasi Keuangan, Inovasi Produk, Budaya Organisasi dan Kebijakan Pemerintah. *Jurnal Ilmiah Wahana Pendidikan*, 10(8), 127–141.
<https://doi.org/10.5281/zenodo.11079893>
- Suara surabaya. (2025, October 24). *UMKM Surabaya Tumbuh 40 Persen Sejak 2021, Salah Satunya Berkat Digitalisasi E-Peken*. Suarasurabaya.Net.
<https://www.suarasurabaya.net/ekonomibisnis/2025/umkm-surabaya-tumbuh-40-persen-sejak-2021-salah-satunya-berkat-digitalisasi-e-peken>
- Sugiyono. (2023). *Metode Penelitian Kuantitatif, Kualitatif, Dan R&D*. Alfabeta.
www.cvalfabeta.com
- Susanty, A., Puspitasari, N. B., Siahaan, G. S., Setiawan, S., & Syafrudin, M. (2025). Factors influencing the intention of textile and garment SMEs to adopt digital technologies and its impact on performance. *Scientific Reports*, 15(1).
<https://doi.org/10.1038/s41598-025-94625-7>
- Undang-Undang Republik Indonesia Nomor 20 Tahun 2008 Tentang Usaha Mikro, K. D. M. 2008. (2008). *Undang-undang (UU) Nomor 20 Tahun 2008 tentang Usaha Mikro, Kecil, dan Menengah*. <https://peraturan.bpk.go.id/Details/39653/uu-no-20-tahun-2008>

- Widagdo, S., Rachmaningsih, E. K., & Handayani, Y. I. (2019). *RESOURCE BASE D VIEW* (C. I. Gunawan, Ed.). Mandala Press.
<https://repository.unmuhjember.ac.id/9257/1/BUKU%20RBV.pdf?utm>
- Yuli Zalianty, M., & Ulul Azmi, Y. (2025). The Effect of Corporate Governance and Environmental, Social, and Governance Performance on Firm Value: Case Study of Energy Sector Companies in Indonesia. *Jurnal Program Studi Akuntansi*, 1(1). <https://doi.org/10.31289/jab.v1i1.14514>