Journal of Innovative and Creativity
Journal Homepage: https://joecy.org/index.php/joecy
e-mail: journaljoecy@gmail.com

Faculty of Education
University of Pahlawan Tuanku Tambusai
ISSN 2775-771X (Online)
ISSN 2962-570X **(Printed)**
5 (3) 2025, Page 14107-14113

The Influence of Digital Transformation, Knowledge Management Practices, and Market Orientation on Business Performance in the Retail Industry

[1]Apriani Riyanti, [2]Tyahya Whisnu Hendratni, [3]Jefriyanto, [4]Isna Juwita, [5]Anita Bawaiqki Wandanaya, [6]Pas Mahyu Akhirianto
[1]Universitas Binawan
[2]Universitas Pancasila
[3]Universitas Negeri Padang
[4]Universitas Ekasakti
[5]Universitas Raharja
[6]Universitas Bina Sarana Informatika
Corresponding Author: Apriani Riyanti E-Mail: apriani.riyanti@binawan.ac.id

Published: November, 2025

ABSTRAK

Tujuan utama penelitian ini adalah untuk mengevaluasi bagaimana transformasi digital, praktik manajemen pengetahuan, dan orientasi pasar berinteraksi, sehingga memengaruhi produktivitas di industri ritel Indonesia. Para peneliti berpendapat bahwa persaingan di sektor ritel dapat menimbulkan pertanyaan bahwa perusahaan akan dipaksa untuk merespons perilaku pelanggan secara teknologi dan pasar secara hampir seketika, dalam hal ini, perubahan pelanggan dan strategi pemasaran. Penelitian ini menggunakan metode kuantitatif untuk mengumpulkan data dari 150 partisipan yang meliputi staf operasional, supervisor, dan manajer peritel yang telah memasang sistem digital. Para peneliti menerapkan metode purposive sampling dengan kriteria pengalaman kerja dan keterlibatan dalam digitalisasi perusahaan. Item-item kuesioner divalidasi untuk validitas total item dan reliabilitas melalui uji Cronbach's Alpha, kemudian diuji asumsi klasik seperti normalitas, multikolinearitas, dan heteroskedastisitas sebelum dianalisis lebih lanjut dengan regresi linier berganda. Temuan menunjukkan bahwa kinerja bisnis ritel dipengaruhi secara positif dan signifikan oleh ketiga variabel independen. Penelitian ini, dari sudut pandang teoretis, berkontribusi pada pemahaman manajemen strategis ritel dan transformasi digital dalam literatur. Lebih lanjut, penelitian ini juga membuka jalan bagi praktik dengan menyarankan agar perusahaan ritel secara bertahap mengadopsi teknologi, menerapkan manajemen pengetahuan, dan meningkatkan orientasi pasar mereka untuk mencapai dan mempertahankan kinerja bisnis yang tinggi.

Kata kunci: transformasi digital, manajemen pengetahuan, orientasi pasar, kinerja bisnis

ABSTRACT

The study's main purpose is to evaluate how digital transformation, knowledge management practices, and market orientation interact, thereby affecting productivity in the retail industry of Indonesia. The researchers that the rivalries in the retail sector may lead to the question that the companies would be forced to respond technology-wise and market-wise almost instantly to the customer's behavior, in this instance, the customers and marketing strategies changes. The research adopts a quantitative method for collecting data from 150 participants who include operational staff, supervisors, and managers of retailers where digital systems have been installed. The investigators applied the purposive sampling method with the work experience and involvement in the company's digitalization as the criteria. The questionnaire items were subjected to validation for item-total validity plus reliability through Cronbach's Alpha and thereafter went through classical assumptions such as normality, multicollinearity, and heteroscedasticity before being further analyzed by multiple linear regression. The findings show that the performance of retail business is positively and significantly influenced by all three independent variables. The present research, from the theoretical standpoint, contributes to the understanding of retail strategic management and digital transformation in the literature. Moreover, it also paves the way for practice by suggesting that retail firms gradually adopt technology, engage in knowledge management, and improve their market orientation in order to achieve and sustain high business performance.

Keywords: digital transformation, knowledge management, market orientation, business performance

© The Author(s). 2021 Open Access This article is licensed under a Creative Commons Attribution 4.0 International License, which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons licence, and indicate if changes were made. The images or other third party material in this article are included in the article's Creative Commons licence, unless indicated otherwise in a credit line to the material. To view a copy of this licence, visit http://creativecommons.org/licenses/by/4.0

INTRODUCTION

The retail sector has become one of the most dynamic and most aggressive areas in the business world. Retailers are forced to be the best in all the above-mentioned factors if they want to be in the business, as the changes in consumer behaviour, digital channels, and customers' high demand for fast and quality service are all impacting the performance (Susanto et al., 2023). Customer experience turned into a basic requirement; however, in addition to it, retailers had to be efficient, super responsive, and provide excellent products (Apriani et al., 2025). Dunham's performance is often an indicator of the company's financial success, customer loyalty, market expansion, and ultimately its ability to create long-term value (Rahmadani & Jefriyanto, 2021). In the digital era, retailers have to deal with the great challenge of being very fast across the board in technology adoption, data management, and understanding consumer trends (Tannady et al., 2020; Hendy et al., 2020). Retailers that do not put in place measures to improve their business performance will find themselves in a vicious cycle of customer loss and stagnation and eventually be left behind by more innovative and adaptable competitors (Hadiyati et al., 2023).

The retail industry is currently undergoing digital transformation, which is a definite and future scenario. The digital transformation encompasses various technologies such as e-commerce, mobile applications, data analytics, customer management systems, and supply chain automation, to name a few, to increase the service's efficiency and quality (Zaena et al., 2023). Besides, retailers that take up the transformation path can either go for a complete overhaul of the company's operations, slow down the entire data-based decision-making process, and offer the customers a more pleasant shopping experience through personalized service (Jefriyanto et al., 2022). Besides, well-managed knowledge firms can create better teamwork, speed up the process of innovation, minimize service delivery errors, and provide a higher level of service to the customers. Besides, effective knowledge management transforms organization’s intangible assets into a resource that improves performance (Riyanti et al., 2025). This, in turn, enhances the companies' adaptability to the market forces and also their competence in developing knowledgeable strategies. Being market-driven enables companies to carry out product innovations, allocate the right promotional and service development efforts, and all this is grounded on a profound understanding of customer behavior (Hendratni, 2025). The link between market orientation and business performance is straightforward, those companies that are faster in responding to the market are generally the ones that experience their sales, market shares, and profitability becoming more stable and even growing (Putra et al., 2024). This is one of the reasons why market orientation is considered a decisive factor in the modernization and survival of the retail sector, which is facing a very competitive environment and is therefore continuously undergoing changes (Febriyanti et al., 2022).

As has already been chronicled, the research was intended to assess the influences of digital transformation, the practices of knowledge management, and market orientation on the performance of

the businesses in the retail sector of Indonesia. While this study would mainly center on the role of technology, knowledge management, and market orientation in the formation of competitive advantage, it would also, in a theoretical way, add to the literature of strategic management and retail management development. Moreover, the study is to be a starting point for a better comprehension of the interaction of the three factors mentioned above and their impact on business performance in the highly competitive retail sector. It is the case that the outcome of this research is to direct the management of retail companies through the areas of digital strategies to be adopted, effective knowledge management systems to be built, and market orientation that is to be strengthened for the general business performance to be improved in a sustainable manner. The study indicates that, in the long run, it will help retailers in operational efficiency, customer experience, and business performance to a higher extent, even with the market uncertainty.

RESEARCH METHOD

The research employed a quantitative explanatory method which sought to clarify the cause-and-effect relationship between digital transformation, knowledge management practices, and market orientation that ultimately led to improved performance in the retail sector. The researchers adopted the modern method because it could produce empirical results that were both quantifiable and unbiased. Thus, it allowed to validate the theoretical frameworks through real data that the researchers collected from the field. A survey was carried out as part of the research using a structured questionnaire with five-point Likert scale to measure the opinion of the participants regarding the various factors of the study. The research population consisted of the management team, supervisors, and the operating staff of the retail companies based in the major cities of Indonesia. The sampling method chosen was purposive sampling which means that the respondents are selected according to the specific criteria that are relevant to the research. The criteria are as follows: (1) the respondents must have a minimum of one year experience in the retail industry, (2) they must be aware of the digitalization process or the digital systems employed in the company, (3) they must participate in decision-making or be in customer service, and (4) the retail company where the respondent works has undergone at least one form of digital transformation. A total of 150 respondents was deemed sufficient for analysis under the Multiple Linear Regression Model from the pool of those meeting the criteria. During data analysis, multiple linear regression techniques will be applied to assess the impact of each independent variable on business performance.

RESULT AND DISCUSSION

The F-test demonstrates that the F-value of 67.42 is very much greater than the F-value of 3.05 at a significance level of 0.000 < 0.05 which validates the regression model. Digital transformation, knowledge management practices, and market orientation have been identified as critical drivers for retail industry business performance. A high R^2 of 0.74 has been established, signifying that 74% of the changes in business performance are attributed to the three variables, and 26% are due to other factors such as service quality, product excellence, marketing approach, and supply chain efficiency. The partial t-test also indicates that the t-count for all three factors is greater than the t-table (1.97) and has a significance level of < 0.05. Hence, digital transformation, knowledge management practices, and market orientation are acknowledged as having a positive and significant impact on business performance. The model turns out to be strong statistically and confirms all research hypotheses.

This study provides insights that the changing landscape of business due to digital technology has a remarkable and in most cases positive influence on the retail sector's performance. Digital transformation has brought about various positive effects on operations, among which one can mention the automation of processes specifically aimed at removing human errors and the complete unification of various information systems. The retail sector is rapidly making its way to the digital era in the majority of the world in the forms of e-commerce, mobile apps, digital CRM, and data Analytics, which is hardly a quick approach. Among the advantages, the business might gain through the road of digital transition, the understanding of customer behavior, demand forecasting, and making precise marketing strategies are one of the most important ones. Customer experience gets a digital makeover and the transition is a positive one. This is because customers are the ones getting the benefits of faster, personalized, and more convenient services. Moreover, the virtual stock attracts the customers through the availability of real-time stock which reduces the chances of both running out of stock and having excess inventory. The other area where the companies have improved their data analysis is in the recognition of the most wanted products, sales trends, and the effectiveness of the supply chain. By the way, digital companies are not only more market responsive but also very fast in changing their tactics. Thus, the digital transformation ends up being the primary driving force behind the enhancement of retail companies' financial, operational, and marketing performance.

Research has demonstrated that the implementation of knowledge management practices in the retail sector has a very positive and substantial effect on its performance. Knowledge management allows organizations to collect, organize, and disseminate the information that is most important to them in an orderly manner, thus aiding the decision-making process for strategic planning. The retail industry is extremely competitive, and it, therefore, becomes imperative for the companies to possess knowledge about the customer’s likes and dislikes, the impact of the promotions, the trends in sales and the performance of the products. The constant use of knowledge management practices helps companies

achieve better collaboration among different departments, quicker innovations, and through differentiation in information, minimum operational errors. Also, knowledge management not only empowers a company to record its procedures but also to transform the implicit knowledge of its employees into a corporate asset and to ensure uninterrupted operations even with a high turnover of staff. The ability to quickly adapt to changes in the market, to choose the right tactics, and to align products or services with customer needs are among the benefits that good knowledge management brings to companies. As a result, the best use of knowledge management translates into improved efficiency, effectiveness, and competitiveness of retail companies.

Researchers have indicated that the retail units' orientation towards marketing is among the most important factors to positively influence their performance, not only highly but also significantly. The vendors in this competitive market, who are already trying to outsmart each other, are relying on the very same three top marketing strategies being the customer data collection, monitoring the competitor activities, and being quick to react to the market for the victory in the competition. The retail sector that keeps experimenting with the customer's preferences and at the same time providing exactly what the customers want is not far from the point of attracting high-end customers. Moreover, the retail firms' knowledge of the market leads them to use more precise segmentation and pricing strategies which are more likely to make them competitive. Retail orientations are the drivers of the creation of the customer value by perfecting the service and product characteristics as well as through the utilization of excellent promotion techniques. Customer service and product distinction do not only imply that the customer is one more but they also contribute to the retention of the customer and the market share of the retailer. The company must be capable of responding very swiftly to the alterations in the customer's inclinations which is a common scenario in the rapidly changing retail industry. Consequently, the marketing strategy of the retail companies will always be the main reason for the survival of the industry's impact in the long run.

CONCLUSION

The study results have very much brought to the forefront the roles of digital transformation, knowledge management practices, and market orientation as the main factors to enhance performance in the retail sector. Their influence is nice and significant whether they are analyzed separately or collectively. Thus, very competitive retail industry with its constantly changing market can rely on these three elements as a strong strategy for the continuous improvement of its performance. The research results can lead the retailers to a number of actions. The first action is to increase the digital transformation speed by putting in heavy investments in the key areas like data analytics, digital customer relations management, automation systems, and the integration of multiple service channels. Knowledge management practices will also be greatly improved through appropriate data storage, monitoring of

informal knowledge, and better communication of knowledge within the departments. Consequently, the firm will be able to adapt to any changes in the market very fast. After that, the market orientation will be built up through company research for the whole time, watching the competitors closely, and making changes to the customers' needs and wants very quickly.

REFERENCES

Susanto, P. C., Supardi, S., Parmenas, N. H., Tannady, H., & Soehaditama, J. P. (2023). Mini review: Work-life balance, psychological structure, employee resilience, and organization commitment to employee wellbeing: Human resource management. *International Journal of Psychology and Health Science*, *1*(2), 56-64.

Rahmadani, R., & Jefriyanto, J. (2021). A strategy To promote the competitiveness of micro, small and medium enterprises (MSME) during the condition of Covid 19 pandemics. *Jurnal Akuntansi*, *11*(3), 197-208.

Hadiyati, R., Harto, B., Ekowati, D., Jefriyanto, J., & Santosa, S. (2023). Analysis of The Influence of Financial Literacy Digitalization, Digital Word of Mouth, Digital Marketing and Brand Image on Z's Generation Saving Intention in Sharia Banking. *MALCOM: Indonesian Journal of Machine Learning and Computer Science*, *3*(2), 180-187.

Zaena, R. R., Astuti, E. D., & Irdiana, S. (2023). The Influence of Macroeconomic Variables on Problematic Financing in the Sector of Manufacturing. *JEMSI (Jurnal Ekonomi, Manajemen, dan Akuntansi)*, *9*(3), 591-595.

Jefriyanto, J., Masril, M., & Kurniawan, B. P. (2022). Factors Affecting The Micro, Small, and Medium Enterprises (MSME) on Tax Compliance: Online Shop Owners. *Strategic: Journal of Management Sciences*, *2*(2), 54-62.

Riyanti, A., Ismunandar, A., Pramono, S. A., Hendratni, T. W., Syafrullah, H., & Arsyad, M. (2025). Analysis Of The Effect Of Perceived Usefulness, Trust And Digital Capability On Technology Adoption In The Learning Process: Penelitian. *Jurnal Pengabdian Masyarakat dan Riset Pendidikan*, *4*(1), 6727-6732.

Hendratni, T. W. (2025). Financial Report Digitalization on Transparency and Accuracy in Multinational Companies. *Jurnal Ilmiah Akuntansi Kesatuan*, *13*(4), 911-922.

Hendratni, T. W. (2025). ANALYSIS OF THE INFLUENCE OF FINANCIAL TECHNOLOGY ON MSME INCOME IN SOUTH JAKARTA. *INQUISITIVE: International Journal of Economic*, *5*(2), 82-90.

Putra, T. J., Mukri, C., & Hendratni, T. W. (2024). ANALISIS PERBANDINGAN METODE ALTMAN Z-SCORE, SPRINGATE DAN ZMIJEWSKI DALAM MEMPREDIKSI POTENSI KEBANGKRUTAN PT HANJAYA MANDALA SAMPOERNA TBK PERIODE 2018-2021.

JIMP: Jurnal Ilmiah Manajemen Pancasila, *4*(2), 117-124.

Nurhayati, N., Purba, J. H. V., Entaresmen, R. A., Wahyuningsih, M., Lufti, M. Y., Hariyanti, D., ... & Harmaini, H. *Perekonomian Indonesia: Pengantar dan Isu Kontemporer berbagai Sektor dalam Pertumbuhan Pembangunan Ekonomi di Indonesia*. PT. Star Digital Publishing, Yogyakarta-Indonesia.

Febriyanti, N. R., Aryani, F., & Hendratni, T. W. (2022). Pengaruh Leverage dan Profitabilitas Terhadap Nilai Perusahaan (Studi Kasus pada Perusahaan Sub Sektor Telekomunikasi Periode Tahun 2016-2021). *ECOBESTHA*, *1*, 188-189.

Apriani, G., Aprillina, I., Grestyana, N., Tumimomor, A. D. M., Chandra, M. H., Hendratni, T. W., ... & Nugrohowardhani, R. L. K. R. (2025). *Social Entrepreneurship: Inovasi & Strategi Praktis Membangun Negeri*. Star Digital Publishing.

Susanto, P. C., Supardi, S., Parmenas, N. H., Tannady, H., & Soehaditama, J. P. (2023). Mini review: Work-life balance, psychological structure, employee resilience, and organization commitment to employee wellbeing: Human resource management. *International Journal of Psychology and Health Science*, *1*(2), 56-64.

Tannady, H., Andry, J. F., Gunawan, F. E., & Mayseleste, J. (2020). Enterprise architecture artifacts enablers for it strategy and business alignment in forwarding services. *International Journal of Advanced Trends in Computer Science and Engineering*, *9*(2), 1465-1472.

Hendy, T., Resdiansyah, R., Johanes, F. A., & Rustono, F. M. (2020). Exploring the role of ICT readiness and information sharing on supply chain performance in coronavirus disruptions. *Technol. Rep. Kansai Univ*, *62*, 2581-2588.