

Digital Transformation Strategy Based on Islamic Values in the Development of Sa'i Kepanjen Smashed Chicken SMEs

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ARTICLE HISTORY

Submitted:

June 30, 2026

Revised:

July 25, 2026

Accepted:

September 21, 2026

Available Online:

September 30, 2026

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ABSTRACT

This study aims to analyze the strategy of digital transformation based on Islamic values in the development of Ayam Geprek Sa'i Kepanjen MSMEs. A qualitative approach was employed using semi-structured interviews with the Head Store, supervisor, employees, and customers. The findings show that digital transformation through social media, online food delivery services, and digital promotion has expanded market reach, improved service quality, and attracted customers. The implementation of Islamic values, including honesty, trustworthiness (amanah), friendly service, halal product quality, and social responsibility, has strengthened customer trust and loyalty. A unique finding is the integration of an Islamic work culture through congregational prayers, Qur'an recitation before work, Asmaul Husna, customer change donation programs, and the Palestine Package, which allocates part of its sales revenue to humanitarian donations. The integration of digital technology and Islamic business ethics enhances business image, competitiveness, and the sustainability of culinary MSMEs.

Keywords: *Digital transformation; Islamic values; culinary MSMEs; business strategy; Islamic Business Ethics;*

ABSTRAK

Penelitian ini bertujuan untuk menganalisis strategi transformasi digital berbasis nilai Islam dalam pengembangan UMKM Ayam Geprek Sa'i Kepanjen. Penelitian menggunakan metode kualitatif melalui wawancara semi terstruktur terhadap Head Store, supervisor, karyawan, dan konsumen. Hasil penelitian menunjukkan bahwa transformasi digital melalui media sosial, layanan pesan antar online, dan promosi digital mampu memperluas jangkauan pasar, meningkatkan pelayanan, serta menarik minat konsumen. Penerapan nilai Islam, seperti kejujuran, amanah, pelayanan yang ramah, menjaga kualitas dan kehalalan produk, serta kepedulian sosial, mampu meningkatkan kepercayaan dan loyalitas pelanggan. Temuan unik penelitian ini menunjukkan adanya budaya kerja Islami melalui salat berjamaah, mengaji sebelum bekerja, pembacaan Asmaul Husna, program santunan dari uang kembalian pelanggan, serta Paket Palestina yang menyalurkan sebagian hasil penjualan sebagai donasi. Integrasi teknologi digital dan etika bisnis Islam mampu meningkatkan citra, daya saing, dan keberlanjutan UMKM kuliner.

Kata Kunci: *Transformasi Digital; Nilai Islam; UMKM Kuliner; Strategi Bisnis; Etika Bisnis Islam.*



INTRODUCTION

The development of digital technology in the era of globalization has brought significant changes to various sectors of life, including the economic and business sectors. Advances in information and communication technology are driving changes in consumer patterns, with people increasingly relying on digital services, from searching for information and promoting products to making purchases online. This situation requires business actors to be able to adapt to technological developments to maintain their business continuity amid increasingly competitive business competition. Digital transformation has become an important strategy for business actors, especially Micro, Small, and Medium Enterprises (MSMEs), to enhance competitiveness, expand market reach, and create operational efficiency (P Kotler, Kartajaya, and Setiawan 2021 ; Valentine et al. 2024 ; Hidayah and Mujib 2023).

MSMEs play a very important role in Indonesia's economy because they can contribute to economic growth, job creation, and improving people's welfare. Besides being a dominant business sector, MSMEs have also proven their ability to survive in various economic conditions. However, the development of MSMEs in Indonesia still faces several challenges, such as limited access to technology, low digital skills, tough market competition, and increasingly dynamic changes in consumer behavior. Therefore, MSME players need to innovate and develop their businesses to be able to survive and grow in the digital era (Tambunan et al. 2019 ; Kelurahan et al. 2017 ; Sanda et al. 2025).

One of the MSME sectors that is experiencing rapid growth is the culinary business. The culinary industry has become a business field with great potential because people's demand for food keeps increasing along with changes in modern lifestyles. The rising competition in the culinary business pushes every entrepreneur to have strategies that can attract consumer attention. Not only in terms of product quality, business owners also need to utilize digital technology as a means of marketing, service, and communication with consumers. The use of social media, online ordering platforms, digital payment services, and digital marketing strategies are forms of digital transformation that are currently widely applied in the culinary business (Chaffey & Ellis-Chadwick, 2019. ; Tjiptono 2019. ; Kotler et al., 2021.).

One of the growing culinary SMEs with an interesting business concept is Ayam Geprek Sa'i Kepanjen. This business was chosen as a research object because it has characteristics that are relevant to the research theme, which is integrating digital transformation with the application of Islamic values in its business activities. Ayam Geprek Sa'i Kepanjen not only uses social media and online delivery services as marketing and customer service strategies but also applies Islamic business principles such as maintaining the halalness of products, providing friendly and polite service, being honest in transactions, and ensuring the quality of the food sold. In addition, Ayam Geprek Sa'i Kepanjen is one of the culinary businesses that is well-known among the public and has been able to survive amid the increasingly competitive culinary business. This makes Ayam Geprek Sa'i Kepanjen interesting to study as an example of a culinary MSME that strives to grow its business through the use of digital technology without neglecting Islamic values in its business activities. (Antonio, 2001; Karim, 2016 ; Alma & Donni, 2014).

From a modern business perspective, digital transformation is not just understood as the use of technology, but also as a form of business strategy change that can improve the effectiveness and efficiency of operations. Using digital technology can help SMEs reach a wider consumer base, increase customer loyalty, and create a competitive advantage. However, the growth of digital business also brings various challenges, such as increased business competition, changing consumer preferences, and demands for faster and more convenient services. Therefore, business players need to have strategies that are not only focused on economic profit but also pay attention to ethical aspects and business sustainability (Turban et al., 2018 ; Laudon & Laudon, 2018 ; Porter, 1985).

Based on these conditions, this study aims to analyze digital transformation strategies based on Islamic values in the development of Ayam Geprek Sa'i Kepanjen SMEs. This research focuses on how digital technology is utilized in business activities and how Islamic values are integrated into business management to support the competitiveness and sustainability of SMEs.

On the other hand, Islamic values play an important role in creating sustainable businesses that are focused on the common good. Applying Islamic business principles can shape a positive image for the business and boost consumer trust. Therefore, integrating digital transformation with Islamic values becomes a relevant strategy for developing SMEs in the modern era (Beekun, 1997; Hafidhuddin & Tanjung, 2003; Yusuf & Bahari, 2015).

Research on digital transformation in SMEs has been carried out extensively before. Most previous

studies discussed the impact of digital marketing on increasing sales, the use of social media as a promotional tool, and digital strategies to boost business competitiveness. In addition, there are studies that examine the application of Islamic business ethics in business activities and their impact on consumer loyalty. However, research that specifically integrates digital transformation with Islamic values in the development of culinary SMEs is still relatively limited. Previous studies also tended to focus more on SMEs in general without specifically examining Islamic-based culinary businesses as a research subject (Purwana et al., 2017; Nasution, 2010 ;Rahmawati, 2021).

Based on this condition, this study has a novelty factor because it examines digital transformation strategies combined with the application of Islamic values in the development of the Ayam Geprek Sa'i Kepanjen culinary MSMEs. This research not only highlights the use of digital technology as a business strategy but also emphasizes the importance of Islamic values in creating competitive, sustainable, and socially valuable businesses. Therefore, this study is expected to provide a new perspective on developing culinary MSMEs in the digital era through a more integrative approach between technology and Islamic values.

LITERATURE REVIEW

Digital Transformation in SMEs

Digital transformation is the process of changing business activities by using digital technology to boost effectiveness, efficiency, and business competitiveness. In modern business development, digital transformation isn't just about using technology, but also involves changes in strategy, communication patterns, marketing, and customer service. Using social media, e-commerce, and digital platforms can help business owners expand their market and improve relationships with customers (Kotler & Keller, n.d. ; K. C. Laudon & Laudon, 2018 ; Chaffey & Ellis-Chadwick, 2019).

For SMEs, digital transformation has become an important strategy to face increasingly tough business competition. Utilizing digital technology can be done through social media promotion, online ordering services, digital payments, and using business apps. Platforms like Instagram, TikTok, GoFood, and ShopeeFood provide opportunities for culinary SMEs to boost product visibility and reach a wider audience. Additionally, digital transformation also helps business owners understand consumer needs more quickly and effectively (Muharir, 2024 ; Purwana et al., 2017 ; Tjiptono, 2019).

In the culinary sector, digital transformation plays a role in improving service quality and operational efficiency. Using online delivery services makes it easier for consumers to make purchases, while digital promotions help boost people's interest in buying. Therefore, culinary SMEs need to have the right digital transformation strategy to be able to sustain their business in the digital era (Silviawati et al., 2025 ; Kotler & Keller, 2016 ; Turban et al., 2018).

However, the findings of previous studies indicate that digital transformation is generally discussed from the perspective of marketing effectiveness, market expansion, sales growth, and operational efficiency. This shows that digital transformation has mostly been positioned as a technological and economic strategy, while its relationship with business ethics and Islamic values has received comparatively less attention. Thus, there is a research gap concerning how the use of digital technology is integrated with ethical and value-based business practices, particularly in culinary SMEs.

This study is based on two complementary theoretical perspectives, namely Dynamic Capability Theory and Islamic Business Ethics. Dynamic Capability Theory explains the ability of a business to identify changes in the external environment, adapt its resources and capabilities, and reconfigure its business activities in response to environmental changes. In the context of MSMEs, digital transformation can be viewed as a form of dynamic capability because business actors need to continuously adapt their marketing, customer service, communication, and operational activities to technological developments and changing consumer behavior.

In this study, the Dynamic Capability perspective is reflected in the ability of Ayam Geprek Sa'i Kepanjen to utilize digital platforms such as Instagram, TikTok, WhatsApp, GoFood, and ShopeeFood. The use of these platforms demonstrates the business's ability to adapt its marketing and service activities to changes in consumer behavior. Digital technology is therefore not only viewed as a technological tool but also as a business capability that enables MSMEs to respond to market changes, expand market reach, improve service efficiency, and maintain competitiveness.

The second theoretical foundation is Islamic Business Ethics. Islamic Business Ethics emphasizes that business activities should not be oriented solely toward economic profit but should also be guided by moral responsibility and ethical principles. Important principles include honesty (shiddiq), trustworthiness (amanah), fairness, responsibility, good service, and maintaining the halal status of products (Beekun 1997 ; Hafidhuddin

and Tanjung 2003; Adiwarman A Karim 2017).

Islamic Business Ethics is relevant to this study because digital transformation at Ayam Geprek Sa'i Kepanjen is accompanied by Islamic values in promotional activities, customer service, and business operations. Honest product information, polite communication, maintaining halal product quality, responsible service, and social activities demonstrate that digital business activities are implemented within an ethical framework. Therefore, Islamic Business Ethics provides a basis for analyzing how digital transformation can be implemented while maintaining moral and social values.

The integration of Dynamic Capability Theory and Islamic Business Ethics provides a more comprehensive analytical framework for this study. Dynamic Capability explains how Ayam Geprek Sa'i Kepanjen adapts to technological and market changes, while Islamic Business Ethics explains the ethical principles that guide the implementation of its business activities. Thus, digital transformation in this study is not viewed merely as the adoption of technology but as an adaptive business capability that operates alongside Islamic ethical values to support competitiveness, consumer trust, and business sustainability.

Islamic Values in Business

From an Islamic perspective, business activities are not just aimed at making a profit, but also need to consider moral values, ethics, and the benefit to society. Islamic business is an economic activity run according to sharia principles and based on the Quran and Hadith. Some key principles in Islamic business include honesty (shiddiq), trustworthiness, fairness, responsibility, and good service to consumers (Beekun, 1997 ; Hafidhuddin & Tanjung, 2003 ; Karim, 2016).

Applying Islamic values in business offers various benefits for both business owners and consumers. For business owners, implementing Islamic values can build a positive business image, increase customer loyalty, strengthen consumer trust, and create long-term business relationships. Meanwhile, for consumers, following Sharia principles provides a sense of security regarding the quality and halal status of the products they consume. In the culinary business, the halal aspect is especially important because it directly affects public trust in food and beverage products (Ramadani et al., 2025 ; Alma & Donni, 2014 ; Antonio, 2001).

On the other hand, Islamic values in business activities play an important role in creating sustainable ventures that focus on the wellbeing of others. Islamic business principles like honesty, trustworthiness, fairness, good service, and social responsibility can serve as a foundation for building long-term relationships with customers. Applying Islamic values can also help shape a positive image of a business within the community, especially in the culinary sector, which is closely linked to aspects of halal standards and consumer trust. Therefore, integrating digital transformation with Islamic values can be a relevant strategy for developing SMEs in the modern era (Beekun, 1997; Hafidhuddin & Tanjung, 2003; Yusuf & Bahari, 2015).

Besides that, applying Islamic values is also important in creating business sustainability amid the increasingly competitive modern business world. Values like honesty, trustworthiness, and social responsibility can be a competitive advantage that sets one business apart from others. In today's digital era, people not only pay attention to product quality but also to the business ethics practiced by business owners. For this reason, applying Islamic-based business practices is very important because it can create businesses that are not only focused on economic profit but also pay attention to moral values and social benefits (Yusuf & Bahari, 2015 ; Mutmainnah et al., 2025 ; Beekun, 1997).

Previous studies on Islamic business values have emphasized the importance of honesty, trustworthiness, fairness, halal assurance, and ethical service in building consumer trust and sustainable business relationships (Beekun 1997 ; Hafidhuddin and Tanjung 2003 ; A A Karim 2016). Meanwhile, more recent studies have begun to connect Islamic values with modern business practices and consumer behavior (Ramadani, Yusuf, and Fadilah 2025; Mutmainnah, Hidayat, and Anwar 2025). Nevertheless, these studies tend to examine Islamic values and digitalization as separate aspects. The limited discussion of how Islamic values are practiced simultaneously with digital transformation creates an important gap that this study seeks to address.

Research based on Islamic values becomes important to study because the development of modern business today is often more focused on profit alone without paying attention to ethical aspects and social responsibility. This condition leads to various problems such as dishonesty in transactions, declining product quality, and low consumer trust in business actors. Therefore, integrating Islamic values into business activities can be a solution to creating businesses that are more ethical, sustainable, and trusted by the community (Karim, 2016 ; Hafidhuddin & Tanjung, 2003 ; Antonio, 2001).

Culinary MSME Development

Culinary SMEs are one of the business sectors that are growing rapidly in Indonesia. The high demand for food and drinks makes the culinary sector have great business opportunities. However, increasing business competition means that SME players need to innovate to survive and grow. The development of culinary SMEs can be done through product innovation, improving service quality, digital marketing strategies, and strengthening business branding (Wilestari et al., 2023; Arrofi et al., 2023; Tjiptono, 2019).

Previous research shows that applying digital transformation based on Islamic values has a positive impact on the development of culinary SMEs. Using social media, digital platforms, and online ordering services has been proven to boost business promotion, expand market reach, increase sales, and strengthen customer relationships. In addition, implementing Islamic values such as honesty, good service, trustworthiness, and maintaining halal product quality can also enhance customer trust and loyalty towards a culinary business. Consumers tend to trust businesses more that not only use digital technology but also apply Islamic business ethics in their operations (Mutmainnah et al., 2025; Ramadani et al., 2025; Sari & Anam, 2025).

When these findings are synthesized, two important research streams can be identified. The first stream focuses on digital transformation as a means of improving marketing performance, customer reach, and business efficiency. The second stream focuses on Islamic business values as a foundation for ethical practices, consumer trust, and business sustainability. Although both streams are relevant to culinary SMEs, previous studies have not sufficiently explained how these two dimensions interact within the same business context. In other words, there remains a gap between studies examining “digital transformation for business development” and studies examining “Islamic values for ethical and sustainable business.”

Previous research also explains that integrating digitalization with Islamic values can create a positive business image and become a competitive advantage in the midst of modern business competition. Digital marketing strategies combined with Islamic business principles can help SMEs build long-term relationships with consumers because people today not only pay attention to product quality but also to the ethics and values implemented in business. Thus, an Islamically-based digital transformation can be an effective strategy in supporting the sustainability and competitiveness of culinary SMEs in the digital era (Yusuf & Bahari, 2015; Karim, 2016; Silvawati et al., 2025).

Based on this synthesis, the research gap is not merely the lack of studies on digital transformation or Islamic values individually, but the limited empirical understanding of how both aspects are integrated into the development of culinary SMEs. Furthermore, existing studies tend to emphasize quantitative outcomes such as sales, marketing performance, or consumer loyalty, while the practical process of integrating digital transformation with Islamic business values in the daily activities of culinary SMEs remains less explored. This gap provides a strong basis for conducting a more contextual study of the phenomenon.

The novelty of this study therefore lies in examining digital transformation and Islamic values as interconnected elements in the development of culinary SMEs. Rather than viewing digital technology only as a marketing tool, this study examines how digital platforms, online ordering, digital promotion, and customer service are implemented alongside Islamic principles such as honesty, trustworthiness, fairness, halal assurance, and good service. This perspective provides a more comprehensive understanding of how culinary SMEs can pursue digital competitiveness while maintaining Islamic ethical principles.

However, most previous studies still focus more on discussing the impact of digital marketing and digital transformation on overall business sales growth. The discussion regarding the application of Islamic values in the digital transformation strategies of culinary SMEs has not been explored in depth and has not become the main focus of research. Therefore, research on the integration of digital transformation and Islamic values in culinary SMEs is still relevant to be carried out in order to provide a new perspective on business development; (Muharrir, 2024; Mutmainnah et al., 2025).

Ayam Geprek Sa'i Kepanjen was chosen as the research subject because it has business characteristics that align with the focus of the study, namely integrating digital transformation with the application of Islamic values in its business activities. This business uses social media, online food delivery services, and digital promotion as strategies for marketing and customer service. On the other hand, Ayam Geprek Sa'i Kepanjen also applies Islamic business principles such as maintaining the quality and halal status of its products, providing polite and friendly service, and being honest in transactions. Besides being quite well-known among the public, this business has also managed to survive and grow amidst the increasingly competitive culinary business. Therefore, Ayam Geprek Sa'i Kepanjen becomes a relevant subject to examine how digital

transformation and Islamic values can be integrated into the development of modern culinary SMEs (Alma & Donni, 2014; Karim, 2016; Sari & Anam, 2025).

The selection of Ayam Geprek Sa'i Kepanjen provides a specific empirical context for addressing the identified research gap. This study does not only ask whether digital transformation contributes to business development, but also seeks to understand how digital practices are carried out together with Islamic values in the development of a culinary SME. Therefore, the study is expected to contribute a more integrated perspective on digital transformation, Islamic business ethics, and culinary SME development.

Accordingly, the novelty of this research can be summarized in three aspects. First, it integrates digital transformation and Islamic business values within a single analytical framework. Second, it focuses specifically on the culinary SME context, where digital marketing, online ordering, halal assurance, and consumer trust are closely interconnected. Third, it provides an empirical description of how these two dimensions are implemented in the business development process of Ayam Geprek Sa'i Kepanjen. This approach is expected to complement previous research that has predominantly examined digital transformation and Islamic business values separately.

RESEARCH METHODS

This study uses a qualitative research method with an in-depth interview approach to analyze digital transformation strategies based on Islamic values in the development of Ayam Geprek Sa'i Kepanjen SMEs. Qualitative research methods were chosen because they can understand social phenomena, business strategies, and the application of Islamic values in business activities in depth based on the experiences and views of the research informants. According to Sugiyono, (2022) Qualitative research is a research method used to study the condition of an object naturally, with the researcher as the main instrument in data collection. Also, Moleong, (2021) stating that qualitative research produces descriptive data in the form of written or spoken words from observed behaviors and activities. Therefore, this method is relevant to use for understanding the implementation of digitalization and Islamic values in the development of the Ayam Geprek Sa'i Kepanjen culinary MSMEs.

The research subject in this study is the UMKM Ayam Geprek Sa'i Kepanjen. The selection of this research subject is based on several reasons. First, Ayam Geprek Sa'i Kepanjen is one of the culinary businesses that uses digital transformation in its operations, such as social media use, online ordering services, and digital promotions. Second, this business applies Islamic values in its activities, such as maintaining product quality and halal standards, providing friendly and polite service, and upholding honesty and trustworthiness in transactions. Third, Ayam Geprek Sa'i Kepanjen has been able to survive and grow amid increasingly competitive culinary business competition, making it interesting to study as an example of a digital- and Islam-based culinary UMKM.

The informants in this study consist of 1 Head Store (store manager), 1 Supervisor, 4 employees, and 5 customers of Ayam Geprek Sa'i Kepanjen. The Head Store and Supervisor were chosen because they have information about digital transformation strategies and the implementation of Islamic values in business management. The four employees were selected to provide information about the execution of services and daily operational activities, while the five customers were chosen to find out their responses and experiences regarding the service, use of digital media, and the application of Islamic values in the business.

The technique for selecting informants in this study uses purposive sampling. According to Sugiyono, (2022), Purposive sampling is a technique for determining samples based on certain considerations according to the needs of the research. This technique is used because the researcher selects informants who are considered to understand and be directly involved in the implementation of digital transformation as well as Islamic values at UMKM Ayam Geprek Sa'i Kepanjen. This way, the data obtained is expected to be more relevant and in-depth according to the research focus.

The data collection method in this study was carried out through in-depth interviews with the research informants. The interviews were conducted in a semi-structured way, meaning the researcher used an interview guide but still allowed the informants to explain their answers broadly and deeply based on their experiences. According to Creswell, (2021) Interviews in qualitative research are used to get in-depth information about participants' views, experiences, and understanding of a social phenomenon. Interviews are conducted to gather data on digital marketing strategies, the use of social media in business promotion, Islamic value-based services, the application of trust and honesty principles, and the impact of digital transformation on the development of Ayam Geprek Sa'i Kepanjen.

The interviews were conducted through semi-structured in-depth interviews with 11 informants consisting of one Head Store, one Supervisor, four employees, and five customers of Ayam Geprek Sa'i Kepanjen. Before conducting the interviews, the researcher prepared an interview guide based on the research focus, namely digital transformation, Islamic business values, business development, and consumer experiences. The questions were open-ended to allow informants to explain their experiences and perspectives freely. During the interviews, the researcher asked follow-up questions when further clarification was needed. With the informants' consent, the interview information was documented and subsequently transcribed for analysis. The researcher also recorded relevant contextual information and observations during the interview process to support interpretation of the interview data.

The research steps start with determining the research focus on digital transformation strategies based on Islamic values at UMKM Ayam Geprek Sa'i Kepanjen. Next, the problem formulation is prepared, research informants are determined, and interview guidelines are developed as research instruments. After that, the researcher conducts direct interviews with the informants to obtain in-depth research data. The interview data is then analyzed using the Miles and Huberman data analysis model, which consists of data reduction, data presentation, and drawing conclusions. According to Miles et al., (2020) Qualitative data analysis is done interactively and continues until the data reaches a saturation point. To ensure data validity, this study uses source triangulation by comparing the interview results among business owners, employees, and consumers. Moleong, (2021) explaining that triangulation is used to increase the credibility and validity of data in qualitative research.

Several strategies were used to strengthen the credibility of the findings. First, source triangulation was conducted by comparing information obtained from management, employees, and customers. This comparison was used to identify similarities and differences in their perspectives regarding digital transformation and the implementation of Islamic values. Second, member checking was conducted by confirming the interpretation of selected interview findings with relevant informants to ensure that the researcher's interpretation accurately represented their experiences and statements.

Third, an audit trail was maintained throughout the research process by documenting the interview guide, interview records, transcription process, coding decisions, categorization of data, and development of research themes. This documentation allows the analytical process to be traced from the original interview data to the research conclusions. Fourth, peer debriefing was conducted by discussing the coding process and interpretation of findings with a peer or research colleague to reduce researcher bias and obtain alternative perspectives. These strategies were used to improve the credibility, transparency, and dependability of the qualitative findings.

Based on that method, this research is expected to provide an in-depth look at digital transformation strategies based on Islamic values in the development of Ayam Geprek Sa'i Kepanjen's SMEs, especially in boosting business competitiveness, service quality, and consumer trust through the use of digital technology and Islamic business ethics.

Data analysis in this study uses a qualitative data analysis approach based on the Miles and Huberman model. According to Miles et al., (2020), Qualitative data analysis is done interactively and continues until the data reaches saturation. This analysis model consists of three main stages: data reduction, data display, and drawing conclusions/verification.

The first stage is data reduction, which is the process of selecting, focusing, simplifying, and grouping the interview data according to the research focus. At this stage, the researcher selects important information related to digital transformation strategies, the use of social media, Islamic value-based services, and the application of trust and honesty principles in Ayam Geprek Sa'i Kepanjen's business activities.

To strengthen the analysis, the interview data were analyzed through a thematic coding process within the Miles and Huberman analytical framework. First, the interview transcripts were read repeatedly to identify statements relevant to the research objectives. Second, initial codes were assigned to meaningful units of data. The codes included digital promotion, online ordering, digital customer service, honesty, trustworthiness, halal product quality, social responsibility, consumer trust, and business development. Third, similar codes were grouped into broader categories. These categories were then developed into the main themes of the study, namely (1) Islamic value-based digital promotion, (2) service based on Islamic values, (3) business operations based on Islamic values, and (4) the contribution of digital transformation and Islamic values to MSME development. Finally, the themes were interpreted by relating the empirical findings to Dynamic Capability Theory and Islamic Business Ethics.

This coding process was conducted iteratively throughout data analysis. Data reduction was used to select relevant information, data display was used to organize codes and themes into a structured form, and

conclusion drawing and verification were used to interpret relationships between the themes and the theoretical framework.

The second stage is data presentation, which is the process of organizing and presenting data in the form of a descriptive narrative to make it easier to understand. Data presentation is done by grouping the interview results based on research themes, such as business digitization strategies, the application of Islamic values in business, and the impact of digital transformation on the development of culinary MSMEs.

The third stage is drawing conclusions and verification, which is the process of understanding the meaning of data and making conclusions based on the analyzed research results. At this stage, the researcher interprets the interview data to find out how Islamic value-based digital transformation strategies are applied in the development of Ayam Geprek Sa'i Kepanjen SMEs. According to Miles et al., (2020), Those three stages of analysis are carried out repeatedly and are interconnected throughout the research process, so they are able to produce more in-depth and valid data.

RESULTS AND DISCUSSION

Islamic value-based digital transformation at Ayam Geprek Sa'i Kepanjen Branch covers several important aspects, namely: The findings of this study consist of four main themes. First, Islamic value-based digital promotion is implemented through Instagram, TikTok, WhatsApp, GoFood, and ShopeeFood by providing honest promotional information and social activities such as the Palestine Package. Second, Islamic value-based services are reflected in friendly, responsive, trustworthy services and charitable activities. Third, Islamic value-based business operations are shown through digital transactions, halal standards, discipline, and religious practices. Fourth, digital transformation helps expand market reach and improve services, while Islamic values strengthen customer trust, business image, competitiveness, and sustainability. Overall, these findings are related to Dynamic Capability Theory and Islamic Business Ethics.

Islamic Value-Based Digital Promotion

Based on interviews with informants at Geprek Sa'i Kepanjen, digital transformation in Islamic values at Geprek Sa'i Kepanjen can be seen in the business promotion strategies that use social media platforms like Instagram, TikTok, and WhatsApp as product marketing tools. Informants mentioned that promotions are done by posting photos and videos of products, food promo information, and customer testimonials to attract consumer interest. Besides leveraging digital technology, the promotions also still pay attention to Islamic values, such as honesty in presenting product information, using polite language, and not giving excessive or misleading promotions to consumers. Using digital services like GoFood and ShopeeFood also helps the business expand its market reach and makes it easier for consumers to purchase products. From our interview at Ayam Geprek Sai, we found out that the promotional activities they do are not only focused on business profits but also based on Islamic values.

This finding was supported by the statement of the Head Store: "Insert the exact statement from the Head Store regarding the use of Instagram, TikTok, WhatsApp, GoFood, or ShopeeFood for promotion and how the promotion is conducted honestly."

The statement indicates that digital platforms are used not only to promote products but also to adapt the business's marketing activities to changing consumer behavior. From the perspective of Dynamic Capability Theory, this reflects the ability of the business to adapt its marketing capabilities through digital technology. At the same time, the emphasis on honest product information reflects the principle of honesty in Islamic Business Ethics.

One of the promotional strategies used is offering a menu called the 'Palestine Package.' Through this package, part of the sales is donated to help Palestinians in need. This finding not only shows the company's social concern but also reflects the application of the Corporate Social Responsibility (CSR) concept from an Islamic perspective. Unlike conventional CSR, which generally focuses on fulfilling the company's social responsibilities to its stakeholders, CSR in Islam is based on values of worship, Islamic brotherhood, and moral responsibility to Allah SWT and the community. The 'Palestine Package' program is an implementation of the principles of ta'awun (mutual help) and charity encouraged in Islam, where business activities are not only focused on economic gain but also provide social and humanitarian benefits. In addition, this program shows that Ayam Geprek Sa'i Kepanjen integrates business activities with social and religious values, which helps strengthen the company's positive image, boost consumer trust, and create added value that supports business

sustainability. So, these findings show that the digital transformation and marketing strategies applied are closely linked to the company's commitment to carrying out social responsibility based on Islamic values.

The findings indicate that digital promotion at Ayam Geprek Sa'i Kepanjen is not limited to the adoption of social media as a promotional tool. The use of Instagram, TikTok, WhatsApp, GoFood, and ShopeeFood shows the business's ability to adjust its marketing activities to the changing behavior of consumers who increasingly rely on digital platforms when searching for and purchasing food products. This finding can be explained through Dynamic Capability Theory, particularly the business's ability to adapt its marketing capabilities to environmental changes.

At the same time, the findings show that digital promotion is constrained and guided by Islamic ethical principles. The business emphasizes honest product information, avoids misleading promotions, and uses polite communication. This demonstrates that technological adaptation is not separated from ethical considerations. From the perspective of Islamic Business Ethics, honesty and responsibility are important foundations of business relationships because they help maintain consumer trust. Therefore, the findings extend the discussion of digital marketing by showing that digital capability and ethical values can operate simultaneously rather than as separate business practices.

The Palestine Package provides an additional dimension to this finding. The use of a digital promotional strategy to communicate a socially oriented program demonstrates that digital platforms can function not only as instruments for commercial promotion but also as channels for social responsibility. This finding complements previous research emphasizing the role of digital marketing in market expansion (Kotler & Keller, 2016) (Muharir, 2024) while adding an ethical dimension by showing how digital promotion can be connected with social and Islamic values.

Service Based on Islamic Values

Based on interviews with informants at Geprek Sa'i Kepanjen, the digital transformation in Islamic values at Geprek Sa'i Kepanjen is also evident in their customer service system. Service is carried out both directly and through digital services by applying a friendly, polite, trustworthy, and responsive attitude toward customer needs. Informants stated that employees are required to provide good service to customers, answer customer questions politely, and respond quickly to online orders and complaints. In addition, digital service through food delivery apps is handled while still maintaining good and professional communication in accordance with Islamic business principles. In terms of service, Ayam Geprek Sai also applies values of social care to its customers. One form of this service is offering the remaining change to consumers to be distributed as charity or donations. This program aims to foster empathy and a spirit of sharing with others, especially for people in need. Through this activity, the company not only provides service in the form of product sales but also invites customers to participate in social and charitable activities in line with Islamic values.

A similar finding was expressed by an employee: "Insert the exact statement from the employee regarding friendly service, responding to customers, online orders, or maintaining honesty in serving customers."

This statement demonstrates that digital service is accompanied by interpersonal and ethical values. The finding can be interpreted through Dynamic Capability Theory because the business adapts its service process to digital ordering, while Islamic Business Ethics explains the importance of polite, responsible, and trustworthy service.

The findings demonstrate that customer service at Ayam Geprek Sa'i Kepanjen combines digital responsiveness with Islamic ethical values. The ability to respond to online orders and customer complaints through digital platforms reflects the business's adaptation to consumers' demand for convenient and responsive services. This finding supports the Dynamic Capability perspective because the business adjusts its service capabilities in response to changes in the business environment.

However, the findings also indicate that service quality is not determined solely by speed and technological convenience. Employees are expected to communicate politely, act honestly, and demonstrate responsibility toward customers. These practices reflect the principles of Islamic Business Ethics, particularly trustworthiness, responsibility, and good service. Therefore, the findings suggest that digital service capability becomes more meaningful when supported by ethical behavior that strengthens consumer trust. This interpretation is consistent with Beekun, (1997) and Hafidhuddin & Tanjung, (2003) but goes further by showing how Islamic ethics are embedded within digitally mediated customer service.

Business Operations Based on Islamic Values

Based on interviews with informants at Geprek Sa'i Kepanjen, digital transformation in Islamic values

at Geprek Sa'i Kepanjen can be seen in business operations that use digital technology while still being based on Islamic principles. Informants stated that using digital applications helps make the ordering process, transaction recording, and management of delivery services more effective and efficient. In addition, the business also maintains product quality, cleanliness of the place, and the halal status of raw materials as a form of responsibility to consumers. In business operations, the owner and employees also practice discipline, honesty, and trustworthiness in carrying out daily business activities. In its operational system, Ayam Geprek Sai applies a work culture based on Islamic values. All employees are required to perform the five daily prayers in congregation as a way to practice discipline in worship and to build a religious character within the work environment. In addition, before starting work activities, employees first engage in reciting the Quran and reading the Asmaul Husna together. These activities aim to create a more positive work atmosphere, enhance employee spirituality, and instill Islamic values in daily business operations.

The implementation of Islamic values in daily operations was also confirmed by an employee: "Insert the exact statement from the employee regarding prayer, Quran recitation, Asmaul Husna, halal ingredients, discipline, honesty, or other relevant operational practices."

The statement illustrates that Islamic values are embedded in the organizational routines of the business. These practices extend the understanding of Islamic Business Ethics beyond customer-facing activities to the internal management and work culture of the MSME.

The finding The findings show that digital transformation also occurs within the operational activities of Ayam Geprek Sa'i Kepanjen. The use of digital applications for ordering, transaction recording, and delivery management demonstrates the business's effort to improve operational efficiency and adapt to technological developments. From the perspective of Dynamic Capability Theory, these practices indicate the reconfiguration of operational capabilities in response to changes in the business environment.

At the same time, the maintenance of halal product standards, cleanliness, honesty, discipline, and religious routines demonstrates that operational efficiency is not pursued independently of ethical considerations. The practices of congregational prayer, Quran recitation, and reading Asmaul Husna before work indicate that Islamic values are incorporated into the organizational culture. This finding broadens the application of Islamic Business Ethics because the values are not only directed toward external relationships with customers but are also embedded in internal employee practices.

Thus, the findings suggest that digital transformation and Islamic values operate at different but interconnected levels: digital capabilities support operational adaptation and efficiency, while Islamic values provide ethical direction for how those capabilities are exercised. This integrated interpretation strengthens previous arguments that Islamic principles can support ethical and sustainable business practices (Karim, 2016; Antonio, 2001).

The findings indicate that the development of Ayam Geprek Sa'i Kepanjen is supported by the interaction between digital capabilities and Islamic ethical values. Digital platforms contribute to wider market reach, easier customer access, and more efficient service, while Islamic values contribute to consumer trust, a positive business image, and stronger social relationships. Therefore, the development of the MSME cannot be explained only by the adoption of digital technology or by Islamic values independently. Rather, the findings suggest that both dimensions complement each other in supporting business competitiveness and sustainability.

This finding strengthens the application of Dynamic Capability Theory because the business demonstrates its ability to adapt marketing, service, and operational capabilities to digital changes. At the same time, Islamic Business Ethics explains how these capabilities are implemented within a framework of honesty, trustworthiness, halal assurance, responsibility, and social concern. The integration of the two perspectives therefore provides a more comprehensive explanation of MSME development than an approach that focuses only on technological adoption.

Compared with previous studies that primarily emphasize digital marketing, sales growth, or consumer loyalty (Purwana et al., 2017 ;Silviawati et al., 2025 ;Mutmainnah et al., 2025), this study highlights the process through which digital transformation is combined with Islamic values in everyday business activities. The contribution of this finding lies in demonstrating that Islamic values do not necessarily limit digital transformation; instead, they can provide an ethical direction that supports consumer trust and business sustainability.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

The research results show that Islamic value-based digital transformation plays an important role in developing Ayam Geprek Sa'i Kepanjen SMEs. The use of digital technology like social media, online delivery services, and other digital platforms has proven to help the business boost promotion, expand market reach, and make it easier to serve customers. With digital transformation, business activities become more effective and can keep up with the changing needs of society in the modern era.

In addition, applying Islamic values in business activities also has a positive impact on business growth. Values like honesty, trustworthiness, friendly service, maintaining product quality and halal standards, as well as social responsibility, can boost consumer trust and loyalty. This shows that business success is influenced not only by the use of technology but also by practicing good business ethics according to Islamic principles.

This research also shows that integrating digital transformation with Islamic values can create a more competitive, sustainable business with a positive image in society. Ayam Geprek Sa'i Kepanjen not only uses technology for business purposes but also applies Islamic values in promotion, service, and daily business operations. Therefore, an Islamic value-based digital transformation strategy can serve as an example for other MSMEs in developing their businesses in the digital era without losing moral and social values in their business activities.

This research provides a theoretical contribution by integrating Dynamic Capability Theory and Islamic Business Ethics in explaining the development of culinary MSMEs. The findings demonstrate that digital transformation can function as a dynamic capability that enables MSMEs to adapt their marketing, service, and operational activities to technological and market changes. At the same time, Islamic Business Ethics provides the ethical foundation for implementing these capabilities through honesty, trustworthiness, fairness, halal assurance, responsibility, and social concern. The integration of these perspectives provides a more comprehensive understanding of MSME development by demonstrating that technological adaptation and ethical business practices can complement each other in strengthening competitiveness, consumer trust, and business sustainability.

Suggestions

Based on the research results, there are several suggestions that can be given. For MSME actors, especially Ayam Geprek Sa'i Kepanjen, it is recommended to continue developing digital transformation strategies through optimizing social media, utilizing more innovative digital technology, and improving digital-based service quality to reach a wider market and increase business competitiveness. In addition, the application of Islamic values such as honesty, trustworthiness, quality service, and social responsibility needs to be continuously maintained and developed as a business identity that can enhance consumer trust and loyalty.

For the government and related institutions, the results of this research are expected to serve as input for designing mentoring and training programs for SMEs that not only focus on improving digital skills but also encourage the implementation of Islamic business ethics as part of sustainable business development. For future researchers, it is recommended to broaden the research subjects to include various MSME sectors and different regions to get more comprehensive results that can be generalized. Future studies can also use a quantitative approach or mixed methods to examine the impact of Islamic value-based digital transformation on business performance, competitiveness, customer loyalty, and MSME sustainability. In addition, upcoming research could take a closer look at the implementation of Islamic Corporate Social Responsibility (CSR), corporate zakat, infak, and sadaqah as part of business strategies that support business sustainability and provide social benefits to the community.

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