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The Effect of Digital Marketing Strategy and Product Innovation on Business Performance with Human Resource Management as a Mediating Variable (A Study on Traditional Restaurants and Eateries in Jakarta)

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A B S T R A C T

This study aims to examine the effect of digital marketing strategy and product innovation on business performance, with human resource management as a mediating variable, in the context of traditional restaurants and eateries in Jakarta. The research adopts a quantitative approach with explanatory research design. Data were collected from 160 respondents using purposive sampling, and analyzed using Structural Equation Modeling with Partial Least Squares (SEM-PLS). The findings indicate that both digital marketing strategy and product innovation have a significant positive effect on human resource management. Furthermore, all three variables digital marketing strategy, product innovation, and human resource management positively and significantly affect business performance. The results also confirm that human resource management significantly mediates the relationship between the two strategic variables and business performance. This study highlights the importance of integrating digital strategies and continuous product innovation, supported by effective HRM practices, to enhance business performance in a competitive and digitally driven culinary industry. The implications suggest that traditional culinary businesses must not only adopt digital tools but also invest in human capital to stay competitive and sustainable.

INTRODUCTION

Business performance is a crucial variable in the field of management and has been a primary focus of researchers since the early 20th century. According to Hawke-Fawzi et al. (2021), early measurements of business performance tended to focus on financial indicators such as net profit, Return on Investment (ROI), and revenue growth. However, as the concept of strategic management evolved and organizations were increasingly required to remain competitive, the approach to business performance began to broaden. One of the significant developments in business performance measurement was the introduction of the Balanced Scorecard by Kaplan and Norton in the 1990s, which includes four perspectives: financial, customer, internal business processes, and learning and growth (Sara & Ridzal, 2023). This marked a paradigm shift from merely pursuing profit to a more comprehensive and sustainable approach to organizational management.

The culinary industry, particularly traditional restaurants and eateries, is one of the fastest-growing sectors and plays an essential role in the development of Indonesia's creative economy. According to Siregar (2024), amid increasingly intense business competition and the digital shift in consumer behavior, business actors in this sector are required to innovate and adapt their strategies in order to survive and grow. Recently, there has been an increase in the use of digital technology by entrepreneurs in marketing their products, including culinary MSMEs. Based on data from the Ministry of Cooperatives and SMEs (2023), around 60% of culinary business actors have utilized digital platforms, ranging from social media to online delivery services. However, many businesses—particularly traditional restaurants and eateries—are still unable to fully optimize digital marketing strategies and product innovation due to limitations in human resources and unstructured business management.

Business performance is essentially influenced by various interrelated variables. Factors such as digital marketing strategies, product innovation, and human resource management have proven to contribute significantly to improving business performance, particularly in the culinary sector. Digital marketing strategies help businesses reach a wider and more targeted consumer base (Sasikirana et al., 2024), while product innovation allows businesses to remain relevant amid intense competition (Purwati et al., 2021). On the other hand, effective human resource management fosters competent and loyal employees, which in turn enhances service quality and business productivity (Khaeruman et al., 2024). In addition to internal factors, external conditions such as the economic climate, government regulations, and industry competition also play crucial roles in determining a business's performance (Agustine et al., 2024).

Digital marketing strategy has become one of the primary tools used by business actors to increase brand exposure, create customer engagement, and ultimately drive sales. According to Chaffey and Ellis-Chadwick (2019), digital marketing strategy is a process that involves the planning and execution of marketing mixes using digital media to achieve marketing goals through targeted consumer interactions. Meilya & Burhan (2023) stated that the use of social media such as Instagram and TikTok, online ordering platforms such as

GoFood and GrabFood, and creative digital content has become part of common marketing strategies. However, the adoption of digitalization does not always run smoothly, especially for small and medium enterprises (SMEs) and traditional culinary businesses that may lack full mastery of technology and digital marketing strategies.

In addition to digital transformation, changes in consumer preferences have also become a prominent phenomenon. According to Djazuli et al. (2024), today's consumers tend to prefer food products that are not only delicious but also offer aesthetic value, uniqueness, and a distinctive experience. This demands business owners to continuously innovate their products—in terms of menu offerings, presentation, and packaging. According to Kotler and Armstrong (2018), product innovation is the introduction of new goods or services or significant improvements to existing products that provide greater benefits to both consumers and producers. Innovation has become a critical necessity for businesses to remain relevant and competitive, especially amid the emergence of new restaurants offering modern and trendy concepts.

Behind technological advancements and innovation demands, human resources remain a fundamental factor. According to Babullah (2024), human resource management is a strategic process of organizing and managing the workforce within an organization to contribute maximally toward achieving company goals. Irawan et al. (2024) argue that no matter how good a strategy or product idea is, without competent human resources, field implementation will not be optimal. This phenomenon underscores the importance of synergy between digital marketing strategies, product innovation, and effective human resource management as the main foundation for improving business performance, particularly in the highly dynamic culinary sector.

Based on these phenomena, the focus of this study is to examine "The Influence of Digital Marketing Strategy and Product Innovation on Business Performance with Human Resource Management as a Mediating Variable." This research adopts a holistic approach by considering the interaction between variables—not only their direct effects but also the mediating role of human resource management—within the context of traditional restaurants and eateries in urban areas. Considering the real-world phenomena, the importance of the studied variables, and the limited existing research on similar topics, this study is expected to contribute to the development of traditional culinary business strategies in today's digital era.

LITERATURE REVIEW

The Effect of Digital Marketing Strategy on Human Resource Management

An effectively implemented digital marketing strategy can drive significant changes in human resource management. According to Sharma et al. (2023), digital marketing not only transforms how companies reach their customers but also shifts the role of HRM to become more strategic. HR now needs to ensure that employees possess digital skills such as online platform management and data analysis to support digital campaigns and customer service. Moreover, Vats & Kumar (2024) indicate that organizations integrating digital marketing techniques into recruitment and employee development processes can improve candidate quality by up to 45% and shorten recruitment time by 30%. Thus, digital strategies not only optimize marketing functions but also push HR to enhance recruitment, training, and retention systems to meet the demands of an increasingly digital business environment. Based on this explanation, the hypothesis proposed is:

H1: Digital marketing strategy has a positive effect on human resource management in traditional restaurants and eateries in DKI Jakarta.

The Effect of Product Innovation on Human Resource Management

In the traditional restaurant and eatery industry, innovation is not limited to new menu creations but also includes presentation, packaging, and the overall dining experience offered to customers. According to Sunarto (2020), continuous product innovation requires support from competent, adaptive, and creative human resources. Product innovation often necessitates adjustments in HRM, such as training in new skills, more flexible task allocation, and the creation of a work culture that fosters creativity. Employees must be involved in the innovation process, both as implementers of ideas and contributors, so they feel a sense of ownership and contribute to business development.

Previous research supports the importance of the relationship between product innovation and HRM. Djazuli et al. (2024) found that the development of new products in food businesses requires employee training and competency enhancement to ensure consistent product quality. Meanwhile, Rahmadi & Indrawijaya (2024) stated that product innovation positively impacts workforce planning and HRM strategies. Thus, the hypothesis proposed is:

H2: Product innovation has a positive effect on human resource management in traditional restaurants and eateries in DKI Jakarta.

The Effect of Human Resource Management on Business Performance

In the traditional culinary business, service quality greatly depends on the performance of both front-line and kitchen staff. According to Khaeruman et al. (2024), well-managed human resources can not only deliver excellent customer service but also help maintain operational efficiency and support the implementation of innovations and digital marketing strategies designed by management. Several previous studies have demonstrated that HRM positively affects business performance. Research by Kamar et al. (2024) shows that HRM capabilities significantly impact SME performance. Similarly, Mashenene & Kumburu (2023) found that HRM has a significant effect on small business performance in Tanzania. Furthermore, Bagis & Darmawan (2022) stated that HRM practices jointly influence business performance among restaurant entrepreneurs in Purwokerto. Based on these findings, the proposed hypothesis is:

H3: Human resource management has a positive effect on the business performance of traditional restaurants and eateries in DKI Jakarta.

The Effect of Digital Marketing Strategy on Business Performance

In the context of traditional restaurants and eateries, implementing a digital marketing strategy can be an effective tool for attracting more customers, increasing visit frequency, and boosting sales. Social media, visually appealing food content, and convenient online delivery services are strong advantages for attracting modern consumers. Several prior studies support the positive relationship between digital marketing strategy and business performance. Research by Pricopoaia et al. (2022) showed that digital marketing strategy impacts business performance. Similarly, Zamri et al. (2024) found that digital marketing strategy affects business performance. Azit et al. (2022) concluded that digital marketing strategies—through content marketing, email marketing, and social media—can enhance SME business performance. Based on these findings, the proposed hypothesis is:

H4: Digital marketing strategy has a positive effect on the business performance of traditional restaurants and eateries in DKI Jakarta.

The Effect of Product Innovation on Business Performance

Traditional restaurants and eateries that consistently introduce innovations are more likely to attract new customers while retaining loyal ones. According to Wulandary et al. (2024), innovation reflects a business's ability to adapt to consumer needs, shifting trends, and competitive pressures from similar businesses. Attractive food packaging, regularly updated menus, and flavor adjustments that retain traditional identity are forms of innovation that can positively affect overall business performance. Previous research has shown a positive relationship between product innovation and business performance. Loan & Brahmi (2023) found that innovation positively impacts corporate business performance. Likewise, Purwati et al. (2021) showed that innovation capability significantly affects SME business performance. Febrianti & Herbert (2022) also stated that product innovation performance positively influences business performance. Based on these findings, the proposed hypothesis is:

H5: Product innovation has a positive effect on the business performance of traditional restaurants and eateries in DKI Jakarta.

The Mediating Role of Human Resource Management in the Relationship Between Digital Marketing Strategy and Business Performance

According to Sasikirana et al. (2024), digital marketing strategy is a key approach to enhancing competitiveness and business performance in the modern era, including in the traditional restaurant and eatery sector. However, the effectiveness of this strategy is not solely determined by the technology used—it also heavily depends on the readiness and capabilities of human resources to manage and implement the strategy effectively. In this study, human resource management functions as a mediating variable bridging the relationship between digital marketing strategy and business performance. Digital marketing strategies require a workforce that understands how to manage social media, create engaging content, handle online orders, and deliver fast and responsive service via digital channels. Previous studies support this mediating relationship. Mulasih & Saefullah (2024) state that the success of digital marketing in culinary businesses is greatly influenced by HR's ability to operate digital systems and platforms. Widosari et al. (2023) found that the impact of digital strategies on business performance is significantly strengthened by effective HR management, such as intensive training and work structure adjustments. Kertati et al. (2023) emphasized that digital strategies implemented without HR readiness will not optimally improve business performance. Thus, the hypothesis proposed is:

H6: Human resource management mediates the influence of digital marketing strategy on the business performance of traditional restaurants and eateries in DKI Jakarta.

The Mediating Role of Human Resource Management in the Relationship Between Product Innovation and Business Performance

According to Khairullah et al. (2022), product innovation is a key factor in maintaining the existence and increasing the competitiveness of traditional restaurants and eateries in the face of intense business competition. However, the success of product innovation in driving business performance improvement cannot be separated from the role of human resources involved in executing the innovation process. In this context, HRM acts as a mediating variable that strengthens the effect of product innovation on business performance. Khairiyah et al. (2024) stated that product innovation often requires changes in work systems, adjustments in employee skills, and enhancements in workforce capacity. Therefore, adaptive and responsive HRM is needed. Without proper HR management, product innovations developed by management may fail to materialize effectively in practice. Hence, management that prepares its human resources through training, mentoring, and appropriate work arrangements will be more effective in translating innovation into real value for the business. Previous studies reinforce the importance of this mediating role. Aldina & Margunani (2022) demonstrated that product innovation will not significantly impact business growth if not supported by workforce readiness. Aini et al. (2024) found that HR training is a key factor in bridging the implementation of innovation with increased customer satisfaction and business profitability. Riskarini et al. (2020) also stated that effective HRM enhances the effectiveness of innovation in achieving business targets in the traditional food sector. Thus, the hypothesis proposed is:

H7: Human resource management mediates the influence of product innovation on the business performance of traditional restaurants and eateries in DKI Jakarta.

METHODOLOGY

This study employs a quantitative approach with an explanatory research design. A quantitative approach is selected because the study aims to test previously formulated hypotheses and to objectively measure the relationships between variables using numerical data. The population in this study includes all traditional restaurants and eateries operating in the DKI Jakarta area. This population was chosen based on the consideration that DKI Jakarta is the center of national business and culinary activities, representing the intense competition in the restaurant industry, particularly in facing challenges related to digitalization and shifting consumer behavior. The sampling technique used is non-probability sampling with a purposive sampling method. In this study, the sample consists of traditional restaurants and eateries in DKI Jakarta that meet the following criteria:

1. Classified as Small and Medium Enterprises (SMEs) in accordance with Law No. 20 of 2008 concerning MSMEs.
2. Have been operating for a minimum of two years.
3. Utilize digital marketing strategies.
4. Have conducted product innovation within the past year.

The minimum sample size in this study is determined based on the guidelines by Hair et al. (2017), which state that the minimum sample size for SEM-PLS analysis is 5–10 times the number of indicators in the research model. Given that the number of indicators in this study is 16, the minimum number of respondents required is approximately 160. Data analysis is conducted using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) technique, as this method is capable of examining complex relationships between variables, accommodating models with mediating variables, and can be applied to data with both normal and non-normal distributions.

RESEARCH RESULT

Respondent Characteristics

Tabel 1. Respondent Characteristics

Category	Subcategory	Frequency
Gender	Male	87
	Female	73
Status	Owner	112
	Manager	48
Business Location	South Jakarta	37
	Central Jakarta	19
	West Jakarta	23
	East Jakarta	46
	North Jakarta	35
	Thousand Islands	0
Business Duration	2–5 Years	87
	5–10 Years	43
	> 10 Years	30
Number of Employees	< 10 Employees	92
	11–20 Employees	39
	> 20 Employees	29
Monthly Revenue	< IDR 10 Million	12
	IDR 10–25 Million	67
	IDR 25–50 Million	54
	> IDR 50 Million	27

The demographic profile of the respondents provides an insightful overview of the individuals managing or owning traditional restaurants and eateries in DKI Jakarta. In terms of gender, the sample consists of 87 male respondents (54.4%) and 73 female respondents (45.6%), indicating a fairly balanced distribution, with a slight male dominance in ownership and management roles within the culinary business sector. Regarding status, the majority of the respondents are business owners (112 individuals or 70%), while the remaining 48 respondents (30%) serve as managers. This shows that most of the data collected reflect direct insights from decision-makers who hold authority over key strategic areas of the business, such as digital marketing, innovation, and human resource management. The business location distribution shows a relatively even spread across the five municipalities of Jakarta. The highest representation comes from East Jakarta (46 businesses), followed by South Jakarta (37), North Jakarta (35), West Jakarta (23), and Central Jakarta (19). There were no respondents from the Thousand Islands (Kepulauan Seribu), likely due to the limited presence of traditional restaurant businesses in that area. For business duration, 87 respondents (54.4%) have operated their businesses for 2–5 years, showing that a large portion of respondents are in the early growth stage of their business. Another 43 businesses (26.9%) have been running for 5–10 years, and 30 businesses (18.7%) have been established for more than 10 years, indicating that the sample includes a mix of relatively new and more experienced business operators. The number of employees shows that most businesses are micro to small enterprises, with 92 businesses (57.5%) employing fewer than 10 people. Meanwhile, 39 businesses (24.4%) have between 11 and 20 employees, and 29 businesses (18.1%) have more than 20 employees. Regarding monthly revenue, the largest group of businesses (67 or 41.9%) earn between IDR 10 to 25 million per month. This is followed by 54 businesses (33.8%) earning between IDR 25 to 50 million, and 27 businesses (16.9%) generating more than IDR 50 million in monthly revenue. Only 12 businesses (7.5%) earn less than IDR 10 million monthly. These figures reflect the economic diversity of traditional culinary businesses in Jakarta, with many showing signs of financial stability and moderate growth.

Evaluation of the Measurement Model (Outer Model)

The outer model testing aims to examine the validity and reliability of the latent constructs in relation to their respective indicators. In this study, the outer model was assessed through three main stages: convergent validity, discriminant validity, and construct reliability.

Tabel 2. Convergent Validity

Construct	Item Code	Loading Factor	AVE
Digital Marketing Strategy	X1.1	0.817	0.627
	X1.2	0.789	
	X1.3	0.785	
	X1.4	0.777	
	X1.5	0.82	
	X1.6	0.771	
	X1.7	0.815	
	X1.8	0.767	
	X1.9	0.773	
	X1.10	0.813	

Construct	Item Code	Loading Factor	AVE
	X1.11	0.801	
	X1.12	0.773	
Product Innovation	X2.1	0.738	0.6
	X2.2	0.824	
	X2.3	0.77	
	X2.4	0.747	
	X2.5	0.81	
	X2.6	0.777	
	X2.7	0.752	
	X2.8	0.795	
	X2.9	0.772	
	X2.10	0.767	
	X2.11	0.756	
	X2.12	0.784	
Human Resource Management	M1.1	0.816	0.635
	M1.2	0.778	
	M1.3	0.785	
	M1.4	0.786	
	M1.5	0.79	
	M1.6	0.814	
	M1.7	0.799	
	M1.8	0.776	
	M1.9	0.795	
	M1.10	0.792	
	M1.11	0.799	
	M1.12	0.832	
Business Performance	Y1.1	0.826	0.717
	Y1.2	0.836	
	Y1.3	0.86	
	Y1.4	0.843	
	Y1.5	0.843	
	Y1.6	0.866	
	Y1.7	0.856	
	Y1.8	0.835	
	Y1.9	0.833	
	Y1.10	0.85	
	Y1.11	0.863	
	Y1.12	0.85	

All indicators for each construct have outer loading values above 0.70, indicating that the indicators strongly contribute to measuring their respective constructs. The Average Variance Extracted (AVE) values also exceed the minimum threshold of 0.50, thus meeting the requirements for convergent validity. Therefore, it can be concluded that the indicators used in this study are effective in representing the digital marketing strategy variable.

Tabel 3. Discriminant Validity

Variable	Human Resource Managemen t	Digital Marketing Strategy	Product Innovatio n	Business Performance
Human Resource Management	0.797	-	-	-
Digital Marketing Strategy	0.652	0.792	-	-
Product Innovation	0.681	0.413	0.775	-
Business Performance	0.787	0.675	0.692	0.847

Based on the results in Table 3, it can be observed that the square root of AVE (√AVE) for each construct (shown in the diagonal position) is greater than the correlation between that construct and other constructs (the non-diagonal values in the same row/column). For example, the √AVE value for the Business Performance construct is 0.847, which is greater than its correlation with Human Resource Management (0.787), Digital Marketing Strategy (0.675), and Product Innovation (0.692). This also applies to all other constructs. Therefore, it can be concluded that discriminant validity among the constructs in the model has been satisfied according to the Fornell-Larcker criterion.

Tabel 4. Construct Reliability

Variable	Cronbach's Alpha	Composite Reliability
Human Resource Management	0.948	0.954
Digital Marketing Strategy	0.946	0.953
Product Innovation	0.939	0.947
Business Performance	0.964	0.968

From the results shown in Table 4, it is evident that all research variables have Cronbach's Alpha and Composite Reliability values above 0.90. This indicates that the instruments used in this study are highly reliable and consistent in measuring the intended constructs. Accordingly, all constructs in the research model are declared reliable and are suitable to proceed to the structural model (inner model) testing stage.

Evaluation of the Structural Model (Inner Model)

The inner model (structural model) assessment aims to evaluate the extent to which exogenous (independent) constructs influence endogenous (dependent) constructs, as well as to assess the predictive power and strength of the relationships between variables. Three main indicators are used to evaluate the quality of the inner model: R-Square (R^2), Q-Square (Q^2), and F-Square (F^2).

Tabel 5. R-Square (R^2)

Variable	R Square	Adjusted R Square
Human Resource Management	0.63	0.625
Business Performance	0.716	0.711

Based on the results in Table 5, the R^2 value of 0.630 for the Human Resource Management construct indicates that 63% of the variance in HRM can be explained by the Digital Marketing Strategy and Product Innovation variables simultaneously. This reflects a moderate to strong relationship. The R^2 value of 0.716 for the Business Performance construct suggests that 71.6% of the variance in business performance can be explained by Digital Marketing Strategy, Product Innovation, and Human Resource Management, which falls into the substantial (strong) category.

Tabel 6. Q-Square (Q^2)

Variable	SSO	SSE	Q^2 (=1 - SSE/SSO)
Human Resource Management	1920	1162.297	0.395
Business Performance	1920	945.1357	0.508

The Q^2 value for Human Resource Management is 0.395, and for Business Performance, it is 0.508—both greater than 0. This indicates that the structural model in this study has good predictive relevance, particularly in explaining the variance of the two endogenous variables. A Q^2 value greater than 0.35 quantitatively indicates a strong predictive capacity for the constructs under study.

Tabel 7. F-Square (F^2)

Variable	Human Resource Management	Business Performance
Human Resource Management	–	0.19
Digital Marketing Strategy	0.448	0.18
Product Innovation	0.552	0.18

Based on Table 4.14, it is evident that the variables Digital Marketing Strategy and Product Innovation have a large effect on Human Resource Management, as indicated by F^2 values of 0.448 and 0.552, respectively. All three exogenous variables (Human Resource Management, Digital Marketing Strategy, and Product Innovation) have a moderate effect on Business Performance, with F^2 values ranging from 0.180 to 0.190. These results indicate that both strategic variables (X_1 and X_2) play a crucial role in shaping HRM practices, and all exogenous variables make a fairly significant contribution to improving the business performance of traditional restaurants and eateries.

Path Coefficient Testing

Path coefficient testing was conducted to determine the magnitude of the influence between constructs in the structural model (inner model). The assessment was based on the coefficient value, t-statistic, and p-value obtained through the bootstrapping process using the SmartPLS application. Relationships between variables are considered statistically significant if the t-statistic > 1.96 and the p-value < 0.05.

Tabel 8. Direct Effect

Hypo.	Relationship	Path Coefficient	t-Statistic	p-Value	Desc.	Conc.
H1	Digital Marketing Strategy → Human Resource Management	0.447	5.852	0.000	Positive, Significant	Accepted
H2	Product Innovation → Human Resource Management	0.496	6.596	0.000	Positive, Significant	Accepted
H3	Human Resource Management → Business Performance	0.382	5.017	0.000	Positive, Significant	Accepted
H4	Digital Marketing Strategy → Business Performance	0.298	4.423	0.000	Positive, Significant	Accepted
H5	Product Innovation → Business Performance	0.309	3.975	0.000	Positive, Significant	Accepted

The results of the direct effect testing as shown in Table 4.15 lead to the following conclusions:

1. Digital Marketing Strategy has a positive and significant effect on Human Resource Management, with a path coefficient of 0.447, t-statistic of 5.852 > 1.96, and p-value of 0.000 < 0.05.
2. Product Innovation also shows a positive and significant effect on Human Resource Management, with a coefficient of 0.496, t-statistic of 6.596 > 1.96, and p-value of 0.000 < 0.05.
3. Human Resource Management has a positive and significant effect on Business Performance, with a coefficient of 0.382, t-statistic of 5.017 > 1.96, and p-value of 0.000 < 0.05.
4. Digital Marketing Strategy also has a positive and significant effect on Business Performance, with a coefficient of 0.298, t-statistic of 4.423 > 1.96, and p-value of 0.000 < 0.05.
5. Product Innovation shows a positive and significant effect on Business Performance, with a coefficient of 0.309, t-statistic of 3.975 > 1.96, and p-value of 0.000 < 0.05.

Tabel 9. Indirect Effect

Hypo.	Relationship	Path Coefficient	t-Statistic	p-Value	Desc.	Conc.
H6	Digital Marketing Strategy → Human Resource Management → Business Performance	0.447	5.852	0.000	Positive, Significant	Accepted
H7	Product Innovation → Human Resource Management → Business Performance	0.496	6.596	0.000	Positive, Significant	Accepted

The results of the indirect effect testing as shown in Table 4.16 lead to the following conclusions:

1. The results show that Human Resource Management significantly mediates the influence of Digital Marketing Strategy on Business Performance, with a path coefficient of 0.171, t-statistic of 3.663, and p-value of 0.000.
2. Similarly, Human Resource Management also significantly mediates the influence of Product Innovation on Business Performance, with a coefficient of 0.190, t-statistic of 3.858, and p-value of 0.000.

DISCUSSION

The findings of this study indicate that digital marketing strategy, product innovation, and human resource management (HRM) play a critical role in enhancing the business performance of traditional restaurants and eateries in DKI Jakarta, both through direct effects and mediated relationships. First, the results confirm that digital marketing strategy has a positive and significant influence on both human resource management and business performance. This supports the arguments of Sharma et al. (2023) and Vats & Kumar (2024), who assert that digital marketing not only transforms how businesses engage with customers but also shifts the role of HRM into a more strategic function. In the context of traditional restaurants, the use of social media, online ordering platforms, and digital promotions has proven effective in increasing brand exposure and customer engagement, while simultaneously demanding improved digital competencies from employees. This creates a need for HR practices that can develop and support digitally capable personnel.

Second, the study also finds that product innovation significantly impacts both HRM and business performance. This aligns with the findings of Sunarto (2020) and Djazuli et al. (2024), who emphasized that product innovation requires the support of competent, adaptable, and creative human resources. In today's dynamic foodservice environment, innovation in menu offerings, presentation, and customer experience is key to maintaining relevance and competitiveness. Consequently, businesses must invest in HR strategies that promote continuous learning, creativity, and employee involvement in innovation processes. Third, the study confirms that HRM has a strong and positive influence on business performance. This is consistent with prior research by Kamar et al. (2024) and Mashenene & Kumburu (2023), which concluded that effective HR management significantly contributes to organizational success, especially in small and medium enterprises (SMEs). In the traditional restaurant sector, well-managed human resources help ensure operational efficiency, consistent service quality, and the successful implementation of marketing and innovation strategies.

Furthermore, the mediation analysis reveals that HRM mediates the effects of both digital marketing strategy and product innovation on business performance. This means that the effectiveness of marketing and innovation efforts is heavily dependent on how well human resources are managed. These findings are supported by Widosari et al. (2023) and Aini et al. (2024), who argued that without competent and well-prepared staff, digital and innovative strategies may not be effectively executed. Overall, the results highlight the interdependence between strategic and operational functions in traditional culinary businesses. Digital transformation and product innovation alone are not sufficient to improve performance without proper HR planning, training, and development. Therefore, business owners and managers must adopt a holistic approach that integrates marketing, innovation, and HRM to ensure sustainable growth and competitiveness in the digital era.

CONCLUSIONS AND RECOMMENDATIONS

Based on the findings of this study, it can be concluded that digital marketing strategy, product innovation, and human resource management (HRM) all play crucial roles in improving business performance, particularly in the context of traditional restaurants and eateries in DKI Jakarta. The results reveal that the implementation of digital marketing strategies contributes positively not only to business performance but also to the management of human resources. This means that the use of social media, online ordering platforms, and digital promotions helps increase customer engagement and, at the same time, demands a higher level of digital competency from employees.

Product innovation is also found to have a significant impact on both HRM and business performance. Restaurants that consistently innovate—whether in terms of menu items, packaging, or dining experiences—are more likely to stay competitive in today's rapidly changing market. However, such innovation requires an adaptable and skilled workforce, which highlights the importance of HRM in supporting and facilitating innovation at the operational level. Furthermore, the study confirms that HRM directly enhances business performance. Well-managed human resources contribute to operational efficiency, service quality, and the effective implementation of marketing and innovation strategies. Importantly, HRM also serves as a mediating factor between digital marketing strategy and product innovation toward business performance. This indicates that strategic initiatives alone are insufficient if not supported by capable and well-prepared human capital.

Based on these conclusions, several recommendations can be offered. Business owners and managers are encouraged to continuously strengthen the digital capabilities of their employees through structured training and development programs. Investing in digital skills such as content creation, social media handling, and online customer service will help ensure that digital marketing strategies are effectively executed. In addition, restaurants should prioritize ongoing product innovation. Efforts to refresh menus, improve packaging, and create unique customer experiences should involve employees in the creative process, fostering a sense of ownership and encouraging innovation from within. Equally important is the need to invest in strategic human resource practices, including recruitment, training, performance appraisal, and retention strategies. A competent and motivated workforce is essential for sustaining competitiveness and supporting business growth.

Finally, stakeholders such as policy makers, business associations, and community organizations should provide targeted support to traditional culinary businesses. Initiatives such as digital literacy programs, innovation funding, and HR development workshops would greatly assist these enterprises in navigating the challenges of digital transformation and remaining relevant in a highly competitive market. In conclusion, the study highlights the importance of an integrated approach that combines digital marketing, innovation, and human resource management. Only through this synergy can traditional culinary businesses achieve sustainable success in today's evolving business environment.

ADVANCED RESEARCH

Every study comes with its own limitations, and this research is no exception. One of the main limitations lies in the scope of the sample, which focused solely on traditional restaurants and eateries located in DKI Jakarta. While Jakarta represents a dynamic urban market, the findings may not fully capture the conditions in other regions of Indonesia, particularly in rural or less-developed areas where digital adoption and innovation capabilities may differ significantly. Additionally, this study relied on a quantitative approach using cross-sectional data, which means that the relationships observed between variables reflect a specific point in time. As such, it does not capture changes or developments in business performance, marketing strategies, or human resource management over time. A longitudinal approach would be beneficial in future studies to assess how these relationships evolve in response to ongoing digital transformation and market changes. Another limitation is the use of self-reported questionnaires as the primary data collection method. Although this approach is practical and widely accepted in behavioral and management research, it can be subject to biases such as social desirability or respondent misunderstanding. Future studies may consider combining quantitative surveys with qualitative methods, such as interviews or case studies, to gain deeper insights into the real-world practices and challenges faced by traditional culinary businesses.

Based on these limitations, future research is encouraged to expand the geographical scope by including traditional food businesses from other provinces or rural areas, to enable broader generalization of results. Researchers could also explore moderating variables such as business size, leadership style, or organizational culture to see how these influence the effectiveness of digital marketing, innovation, and HR practices. In addition, investigating the long-term effects of digital transformation and innovation initiatives on business sustainability would provide valuable insights for both academics and practitioners.

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