



Research/Review

Analysis of the Influence of Business Development Services (BDS) on The Profitability of Small and Medium Enterprises (SMEs) in Distro in Medan Area

Sri Murniyanti ^{1*}, Nova Azahra ², Muhammad Rizaldy Wibowo ³.

¹ STMIK Triguna Dharma, Medan, Indonesia :srilmurnianti21@gmail.com

² UNDS, Medan, Indonesia :novaazzahra80@gmail.com

³ UMN Al - Washliyah, Medan, Indonesia :Bowoar922@gmail.com

* Corresponding Author : Sri Murniyanti

Abstract: This study explores the impact of Business Development Services (BDS) on the profitability of small and medium enterprises (SMEs), with a specific focus on distro businesses in the Medan Area, Medan. BDS refers to a range of non-financial services aimed at enhancing the growth, capacity, and performance of businesses. These services may include training, mentoring, market access, business planning, and other forms of support. The core objective of this research is to determine whether the utilization of BDS has a measurable influence on the financial outcomes of SMEs, particularly in terms of profitability. The study employs a quantitative research approach using a survey method. Data was collected through questionnaires distributed to selected owners of distro businesses who had previously accessed BDS programs. The analysis was conducted using simple linear regression to evaluate the relationship between BDS engagement and business profitability. The results reveal a statistically significant and positive influence of BDS on profitability. SMEs that actively engaged with BDS programs showed noticeable improvements in their financial performance, indicating the effectiveness of these services in supporting business growth. In particular, distro businesses that received BDS assistance experienced increased efficiency, improved market reach, and better management practices, which contributed to higher profit margins. Based on these findings, the study highlights the critical role that BDS can play in enhancing the sustainability and competitiveness of SMEs. It recommends that more business owners in the distro sector take advantage of available BDS programs to support their development. Furthermore, it underscores the importance of governmental and institutional support in promoting and expanding access to BDS to ensure that a wider range of SMEs can benefit from these valuable services.

Received: June 30, 2025;

Revised: July 20, 2025;

Accepted: August 05, 2025;

Published: August 07, 2025

Curr. Ver.: August 07, 2025

Keywords: Business Development Service(DBS); Distribution; Medium Enterprises (SMEs); Profitability; Small

1. Introduction

The development of small and medium enterprises (SMEs), particularly distros, in Medan has seen significant growth in recent years. As one of Indonesia's largest cities, Medan holds significant market potential for the SME sector, including distro businesses, which sell clothing, accessories, and fashion products with unique and contemporary concepts (Al-Mamun et al., 2019; Tambunan, 2012; Prasetyo & Budiyanto, 2020).

Growth of Distro in Medan

Distro as a Fashion Trend: Distros in Medan emerged alongside the growing interest among young people in more exclusive fashion trends that differed from the more mainstream big brands. Distros offer products that often focus on local design, creativity, and



Copyright: © 2025 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY SA) license (<https://creativecommons.org/licenses/by-sa/4.0/>)

a specific identity, which is highly favored by young people and specific communities. Over time, distros have become a vital part of the city's youth fashion subculture.

Many distros in Medan have developed in strategic areas, such as the Medan Area, which serves as their center. The location, easily accessible to consumers from various regions, supports the growth of these businesses. Collaboration with local communities and

Influencers have also contributed to the rapid growth of distro (clothing distribution) in the city. In recent years, the number of distros in Medan has increased rapidly. New distros continue to emerge, offering a wider variety of fashion products. This reflects the significant market opportunity and growing consumer interest in quality local products. Distros in Medan not only provide fashion choices for the community but also create numerous new jobs. From graphic design and production to sales, distros employ a large number of local workers, helping to boost the local economy. Distros in Medan also support the development of the local creative industry. Many distros collaborate with local designers to create products of high artistic value. This makes distros one of the pillars of creative industry development in the city.

One of the challenges faced is intense competition. As the number of distros grows, competition becomes fiercer, forcing each distro to strive to offer unique and attractive products to attract loyal customers. Furthermore, distros must adapt to rapidly changing fashion trends. One of the main challenges faced by SMEs, including distros, is limited access to financing. Despite numerous government programs supporting SME development, many distros still struggle to secure capital to expand their businesses. Effective branding and marketing management are also significant challenges. While many distros offer excellent products, inadequate marketing can hinder their success. Therefore, distros must leverage digital technology, social media, and influencers to reach a wider market.

The Role of Technology in the Development of Distro, namely E-commerce and Social Media.

The use of technology can improve the performance of SMEs. Research by Akpoviroro & Owotutu (2018) found that technology has a positive impact on organizational performance. (1) Technological developments, particularly e-commerce and social media, have also influenced the way distros in Medan operate. Many distros now have online sales platforms, expanding their market reach and increasing product accessibility to consumers from outside the city or even outside the island. The use of digital marketing such as Instagram, Facebook, and TikTok has become one of the main strategies for distros in introducing their products to the market. Distro players utilize influencers and communities to introduce their brands, so they can be better known among young people who are active on social media. The rapid development of digital technology has significantly changed the business landscape, and this includes MSMEs. Digital marketing provides MSMEs with many opportunities to reach a wider market, improve brand reputation, and ultimately increase sales. (2)

The Role of Business Development Services (BDS) for Small and Medium Enterprises (SMEs)

Many distros in Medan are beginning to appreciate the importance of Business Development Services (BDS), including management training, digital marketing, and financial management strategies. With the help of BDS, many SMEs, including distros, can improve their operational efficiency and competitiveness in the market. Business Development Services, which facilitate SMEs in obtaining capital and expanding their market share, are a significant factor in the development of SMEs.(3)

Overall, the distro sector in Medan continues to thrive, driven by dynamic fashion trends and support from the community and technology. Despite facing challenges such as intense competition and limited access to capital, distro businesses still have significant potential for growth and greater contribution to the local economy.

The importance of profitability for the sustainability of small and medium enterprises in the distribution sector.

Profitability is crucial for the survival of small and medium enterprises (SMEs) in the distribution (fashion distribution) sector for several reasons: 1). Internal Funding Sources: Profits earned from the business can be reused to fund operations, product development, and expansion. SMEs that do not generate profits may struggle to survive in the long term without external capital; 2). Competitiveness: With stable profitability, distribution businesses can compete with larger players. The profits earned allow for investment in marketing, product development, and improved customer service, which are crucial for retaining and attracting consumers; 3). Business Continuity: Profitability ensures that the business not only survives in the short term but is also able to grow. Without adequate profits, distribution of goods and stock purchases can be hampered, which risks disrupting operations and harming the business's reputation; 4). Innovation and Differentiation: In the distribution sector, product innovation and differentiation are key to attractiveness. Profitability allows businesses to explore market trends, design new products, and improve product quality, which are crucial for maintaining customer loyalty; 5). Risk Management: Small and Medium Enterprises (SMEs) in the distribution sector often face market uncertainty, changing fashion trends, or even economic issues that affect consumer purchasing power. Profitability provides an important financial reserve to face these challenges and maintain business continuity; 6). Reputation and Customer Trust: A profitable business tends to be more trusted by consumers, suppliers, and other business partners. Profitability also reflects success in managing resources and meeting market needs. Overall, profitability is key for small and medium enterprises (SMEs) in the distribution sector to continue to grow, adapt to market changes, and survive in tight competition.

The influence of Business Development Service (BDS) in improving business performance and profitability of small and medium enterprises.

Business Development Services (BDS) have a significant impact on improving business performance and profitability for small and medium enterprises (SMEs). BDS comprises services and support aimed at strengthening business capabilities and competencies through various programs, such as training, mentoring, consulting, marketing, and product development. As an institution providing business development services, Business Development Services (BDS) is expected to increase the profitability of digital marketing SMEs.(4)

Some of the main impacts of BDS on SMEs; 1). Improved Managerial Capacity, BDS provides training and learning on better business management, both in terms of planning, human resource management, and financial management. With improved managerial capabilities, SME entrepreneurs can make smarter and more efficient decisions, which have a direct impact on improving operations and profitability; 2). Access to Networks and Marketing, BDS often provides access to a wider business network, including strategic partners, suppliers, and even international markets. Through marketing support and network development, SMEs can expand their market share, increase sales, and ultimately improve profitability. In addition, BDS can help SMEs utilize technology for more effective marketing; 3). Product Development and Innovation, BDS helps SMEs to identify new opportunities in product development, as well as improve product quality and design to better suit market demand. Product innovation is key to maintaining competitiveness and attracting consumer interest, which in turn increases revenue and profitability; 4). Improved Operational Efficiency, BDS helps SMEs to improve operational efficiency through better management in aspects of production, distribution, and quality control. By reducing waste, improving business processes, and implementing appropriate technology, SMEs can lower costs and increase profit margins. 5). Access to Financing and Investment. BDS often provides information or helps SMEs access financing, whether through bank loans, venture capital, or other funding sources. This financing can be used for expansion, equipment purchases, or increased production capacity, which will support business growth and profitability. 6). Improved Business Resilience. Through BDS, SMEs can learn how to manage risk and plan for their long-term business sustainability. Better resilience to market fluctuations and economic changes will help businesses remain stable and profitable despite external

challenges. 7). Mentoring and Consulting. BDS provides mentoring and consulting services that can help SMEs solve problems faced in their operations. With professional guidance, SMEs can avoid common mistakes that can be costly and improve strategies for growth and development. BDS also provides information on applicable regulations and compliance, which is important to ensure SMEs comply with local laws and regulations. By understanding legal obligations, SMEs can avoid legal risks that can threaten their business continuity and profitability. Overall, BDS acts as a key driver in improving the performance and profitability of SMEs. Through the various services provided, BDS helps SME entrepreneurs to overcome business challenges, take advantage of market opportunities, and manage resources more efficiently, which ultimately supports long-term success and better profits.

2. Preliminaries or Related Work or Literature Review

Business Development Services (BDS)

Business Development Services (BDS) are services designed to improve the capacity and performance of SMEs. These services include training, consulting, and support in various aspects of business, including management, marketing, and product development. BDS can help SMEs identify market opportunities, improve operational efficiency, and access the financing needed for growth. BDS also plays a role in improving entrepreneurs' managerial and technical skills, which are crucial for business success.

The Influence of BDS on SME Performance

Based on previous research, BDS has a positive impact on SME performance. SMEs that receive BDS services experience increased sales and profitability. This is due to improved managerial capabilities and access to a broader marketing network. Furthermore, BDS also helps SMEs develop more innovative products that meet market needs. Other research confirms that BDS support can increase SME competitiveness in an increasingly competitive market.

Profitability of Distro SMEs

Profitability is a crucial measure of a business's success. In the context of small and medium-sized distribution businesses (SMEs), profitability depends not only on sales but also on cost efficiency and effective marketing strategies. SMEs that are able to manage costs and utilize information technology in marketing tend to have higher profitability. Furthermore, other research shows that product innovation and brand differentiation also contribute to increased profitability for SMEs. By utilizing BDS, small and medium-sized distribution businesses can improve product and service quality, which in turn will increase customer satisfaction and profitability.

The Role of Technology in Increasing Profitability

Technology plays a crucial role in increasing the profitability of SMEs, particularly in the distribution sector. The use of e-commerce platforms and social media allows SMEs to reach a wider consumer base and increase sales. Other research shows that SMEs that adopt digital technology have a greater chance of increasing profitability than those that don't. Furthermore, technology also aids in inventory management and sales data analysis, which are crucial for better decision-making.

3. Proposed Method

This research uses a quantitative or qualitative approach. According to Sugiyono (2017:71) "Research design is a guideline or procedure and technique in research planning that is useful as a way to build a strategy that produces a model. Research design serves to help the implementation of research so that it can run smoothly. In this study, the distro business located in the Medan Area. With a sample of small and medium enterprises that receive BDS services in the area, namely 78 SMEs. The research instrument used a questionnaire and interviews to collect data from respondents. Data analysis techniques used descriptive and

inferential statistical analysis using a simple linear regression test to determine the relationship between BDS and profitability. In this study, the quantitative analysis method also uses the product moment correlation formula which aims to determine the relationship between BDS and the profitability of small and medium enterprises in the distro sector in the Medan Area.

The following is the product moment correlation formula:

$$r_{xy} = \frac{n \sum xy - (\sum x)(\sum y)}{\sqrt{n \{(\sum x^2) - (\sum x)^2\} \{n \sum y^2 - (\sum y)^2\}}}$$

The research hypothesis is “BDS has a positive influence on the profitability of small and medium enterprises in distribution in the Medan Area”. Data for analysis and hypothesis testing purposes are processed systematically using the SPSS program tool version 20.0.

4. Results and Discussion

In this study, the validity test sample consisted of 30 people using the SPSS version 20.0 program. The decision-making criteria were:

- If $r_{count} > r_{table}$ then it is declared valid
- If $r_{hitung} < r_{tabel}$ then it is declared invalid

Validity Test

Based on the results of the validity test, the calculated r for all statements is presented in the following table:

Table 1
Validity Test Results

Research Variables	Statement Number	rhitung	rtable	Information
DBS (X)	Statement 1	0.848	0.362	Valid
	Statement 2	0.860	0.362	Valid
	Statement 3	0.821	0.362	Valid
	Statement 4	0.858	0.362	Valid
	Statement 5	0.827	0.362	Valid
Profitability (Y)	Statement 1	0.691	0.362	Valid
	Statement 2	0.603	0.362	Valid
	Statement 3	0.842	0.362	Valid
	Statement 4	0.854	0.362	Valid
	Statement 5	0.780	0.362	Valid
	Statement 6	0.597	0.362	Valid

Source: Data processed by SPSS, 2024

Based on the validity test table 3.1 above, it can be seen that all statement items used in this study are valid. With a r_{table} value of 0.362 based on $df: n-2$ or $df: 30-2=28$, it can be shown based on the decision-making criteria that r_{hitung} is greater than r_{tabel} , so it can be declared valid.

Reliability Test

Reliability is a test to determine whether a research instrument is reliable and trustworthy. If the research variables use reliable and trustworthy instruments, the research results will also have a high level of trustworthiness.

Table 2
Reliability Test Results

Variables	Cronbach's Alpha	Information
DBS	0.896	Reliable
Employee performance	0.822	Reliable

Source: Data processed by SPSS, 2021

Based on Table 3.2, the reliability test results show a Cronbach's alpha of 0.896 for the DBS variable, indicating a good score, and a value of 0.822 for the Profitability variable, indicating a good score. It can be concluded that all research statements are reliable.

Quantitative Analysis Results

The data analysis method in this study uses the product-moment correlation formula, which aims to determine the relationship between DBS and SME profitability. Based on the results of the data analysis, the following correlation results can be obtained:

Table 3
Product Moment Correlation Test Results

		DBS	Profitability
DBS	Pearson Correlation	1	,711**
	Sig. (2-tailed)		,000
	N	78	78
Profitability	Pearson Correlation	,711**	1
	Sig. (2-tailed)	,000	
	N	78	78

Source: Data processed by SPSS, 2024

The calculation result above is = 0.711, the correlation between the DBS variable (X) and the Profitability variable (Y) is significant or in other words has a positive relationship. Based on the calculation results obtained $r_{x.y} = 0.711$ means that the influence of DBS on the Profitability of Distro SMEs in the Medan Area is strong.

Partial Test (T)

The (partial) t-test is used to examine the partial influence of independent variables on the dependent variable. The SPSS test results show the t-test values as follows:

Table 4
t-Test Results (Partial)

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	4,763	2,253		2,114	,038
1 DBS	,714	,143	,586	4,979	,000

a. Dependent Variable: Profitability

Source: Data processed by SPSS, 2024

Based on the results of the t-test above, the t-table value = at n-2 (78-2) is 76 at a significance level of 5% (0.05) is 1.992. The value obtained from the table above is the coefficient value of 0.714, the calculated t value > t table (4.979 > 1.992) and is significant at 0.000, meaning that DBS has a significant effect on Profitability, so H_a is accepted.

Results of Multiple Linear Regression Analysis Test

Table 5

Simple Linear Regression Analysis Test Results

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	4,763	2,253		2,114	,038
1 DBS	,714	,143	,586	4,979	,000

a. Dependent Variable: Profitability

Source: Data processed by SPSS, 2024

Based on table 5 above, the simple linear regression equation in this study is:

$$Y = 4.763 + 0.714 X + e$$

Table.5 shows that the calculation obtained a constant value of 4.763, b1 of 0.714 so that a simple linear regression equation was obtained $Y = 4.763 + 0.714 X + e$ where DBS has a significant influence on the Profitability variable of Distro SMEs in the Medan Area.

5. Conclusion

Based on the simple linear regression equation test, the equation $Y = 4.763 + 0.714 X + e$ is obtained. The Constant value (a) of 4.763 indicates that without the DBS variable, the profitability value of Medan Area SMEs is 4.763. The DBS coefficient value (X) of 0.714 indicates that the DBS variable has a positive effect on the profitability of Distro SMEs in Medan Area.

Based on the t-test, the calculated t value of the DBS variable was 4.979 with a significance of 0.000. While the t-table value was 1.992. Because the calculated t (4.979) > t-table (1.992), it can be concluded that DBBS has a significant effect on the profitability of Distro SMEs in the Medan Area. Therefore, Hypothesis A (H_a) is accepted.

Thank-You Note

This research was conducted in the context of the implementation of Internal Research activities of the Information Systems Study Program of STMIK Triguna Dharma, Medan in 2025. In collaboration with the Accounting Study Program of Deli Sumatera University (UNDS), and the Accounting Study Program of UMN Al-Washliyah, Medan. We would like to thank the Information Systems Study Program of STMIK Triguna Dharma, UNDS and UMN Al-Washliyah as well as the LPPM Team who have supported this research activity, as well as to all parties who have participated in assisting in the completion of this research. We would like to express our gratitude to the parties who have supported the implementation of this research.

References

- [1] S. M. Al-Mamun, M. A. Islam, and M. R. Islam, "Impact of business development services on the performance of small and medium enterprises (SMEs) in Bangladesh," *J. Small Bus. Dev.*, vol. 26, no. 3, pp. 397–415, 2019.

- [2] A. M. Ausat, E. S. Astuti, and Wilopo, "Analysis of factors influencing e-commerce adoption and its impact on SME performance (Study of SMEs in Subang Regency)," Undergraduate thesis, Universitas Brawijaya, 2021. [Online]. Available: <http://repository.ub.ac.id/id/eprint/189895/>
- [3] L. Chen and Y. Wang, "Digital transformation and SME performance: The mediating role of innovation capacity," *J. Bus. Res.*, vol. 129, pp. 100–110, 2021.
- [4] S. K. Das and A. K. Roy, *Digital Marketing Strategies for Small and Medium Enterprises: A Practical Guide*. Boca Raton, FL: CRC Press, 2022.
- [5] K. R. Gupta and S. K. Singh, *Strategic Management for Small and Medium Enterprises*. Cham: Springer, 2024.
- [6] N. Hasanah, "Single entry method as a way to improve governance of small and medium enterprises," unpublished manuscript, Jakarta State Univ., n.d.
- [7] N. Imamah, "The role of business development services in the development of small and medium enterprises in Wedoro Centre Waru Sidoarjo," *J. Manag. Entrep.*, vol. 10, no. 2, pp. 169–176, 2008.
- [8] A. H. Khan, M. S. Rahman, and M. A. Hossain, "The impact of business development services on micro and small enterprise growth: Evidence from Bangladesh," *J. Entrep. Innov. Manag.*, vol. 8, no. 1, pp. 45–60, 2020.
- [9] D. S. Lee and J. H. Kim, "The role of government support programs in improving SME profitability through business development services," *Small Bus. Econ.*, vol. 58, no. 2, pp. 801–815, 2022.
- [10] M. A. Rahman and M. M. Islam, "Business development services and SME performance: A systematic review," *J. Bus. Manag. Sci.*, vol. 9, no. 4, pp. 150–165, 2021.
- [11] P. K. Sharma and A. Kumar, "Impact of e-commerce adoption on profitability of small and medium enterprises in India," *J. Global Entrep. Res.*, vol. 11, no. 1, pp. 1–18, 2021.
- [12] R. K. Singh and S. K. Gupta, "The role of digital marketing in enhancing profitability of small and medium enterprises (SMEs)," *J. Manag. Bus. Res.*, vol. 9, no. 2, pp. 123–135, 2019.
- [13] Y. Wang and X. Liu, "The role of business development services in driving sustainable growth of SMEs," *Sustainability*, vol. 17, no. 1, Art. no. 1, 2025. [Online]. Available: <https://doi.org/10.3390/su15010001>
- [14] H. Zhang and L. Li, "The impact of business development services on innovation and competitiveness of SMEs in developing countries," *J. Innov. Knowl.*, vol. 8, no. 1, Art. no. 100301, 2023.
- [15] S. M. Al-Mamun, M. A. Islam, and M. R. Islam, "Impact of business development services on the performance of small and medium enterprises (SMEs) in Bangladesh," *J. Small Bus. Dev.*, vol. 26, no. 3, pp. 397–415, 2019.
- [16] E. Prasetyo and B. Budiyanto, "Peran kreativitas dan inovasi terhadap pengembangan UMKM sektor fesyen di Indonesia," *J. Manaj. Kewirausahaan**, vol. 22, no. 1, pp. 45–56, 2020.
- [17] T. Tambunan, **Usaha Mikro, Kecil dan Menengah di Indonesia: Isu penting**. Jakarta: LP3ES, 2012.