

The Role of Canva Artificial Intelligence in Enhancing Business Decision Quality among Fashion SMEs

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ABSTRACT

The adoption of Artificial Intelligence (AI) continues to drive change across various business activities, including in the Micro, Small, and Medium Enterprises (MSME) sector. In the fashion industry, AI-based design platforms have become essential tools for supporting marketing strategies through more engaging, efficient, and consistent visual communication. This study analyzes the impact of using Canva AI on the quality of business decision-making among fashion MSMEs in Bandung, with digital literacy and user experience serving as moderating variables. The method employed is a quantitative explanatory survey, with data collected from 253 fashion MSME owners in Bandung who actively utilize Canva AI in their business operations. Analysis was conducted using SPSS and SmartPLS 4 through validity and reliability tests, factor analysis, and structural equation modeling. The results indicate that the use of Canva AI is positively associated with improved business decision-making quality. However, digital literacy and user experience were not found to significantly moderate the relationship between Canva AI usage and business decision-making quality. These findings indicate that AI-based design technology can enhance promotional effectiveness, strengthen brand identity consistency, and support faster, more accurate, and adaptive decision-making processes in response to market dynamics. This study expands the body of research on AI-based decision support systems for SMEs and provides practical insights for fashion business owners.

Keywords: Artificial Intelligence; Canva AI; Fashion SMEs; Business Decisions; Digital Literacy; Digital Transformation



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INTRODUCTION

The quick development changed the way companies handle their operations and create strong business plans in various sectors (Kementerian Koperasi dan UKM Republik Indonesia, 2023). Developments in information and communication technology urge businesses to use digital systems to boost their efficiency, expand market access and help make decision-making processes more effective (Sitompul et al., 2025). In the setting of digital economic globalization, a company's skill in using technology has become an important sign of how competitive a business is (Hidayat R. et al., 2024). One technology that has grown quickly in the last few years is Artificial Intelligence (AI) (Patandung et al., 2025). Artificial Intelligence (AI) is a type of technology that is created to carry out tasks that humans usually do typically require human cognitive abilities, including pattern recognition, suggestion creation, and automating processes (Patandung et al., 2025). The use of Artificial Intelligence in the business world is not just for big companies anymore; it is now being used by smaller businesses too, adopted by the MSMEs sector (Rahmani et al., 2025). Having AI around helps business owners get information faster and more efficiently, making the process of making decisions more effective and organized (Burhany et al., 2025).

The fashion industry is one of the creative economy subsectors heavily influenced by visual branding and market trend dynamics (Cahya, 2021). In the fashion industry, In fashion businesses, attractive product visuals strongly influence consumer perceptions and purchasing interest (Cahya, 2021). Therefore, visual promotion strategies are an essential component of business decision-making for fashion SMEs (Alamsyah, 2024). As one of Indonesia's hubs for the creative and fashion industries, Bandung has seen rapid growth in its fashion SME sector (Burhany et al., 2025). Fierce competition drives business owners to continuously innovate in creating brand identities and engaging marketing strategies (Pramuditha et al., 2024).

In real-world business practice, many fashion SMEs still face limitations in human resources, design capabilities, and access to professional technology (BRIN, 2025). Many visual promotion decisions are made through trial and error without systematic analysis (Liando et al., 2025). This situation often results in suboptimal business decision-making processes. In this context, AI-based design technology can serve as an alternative solution to help SMEs produce visual designs more quickly, efficiently, and professionally (Cakrayuda & Ikaningtyas, 2025).

Canva is widely utilized by SMEs due to its accessible interface and practical design features (Sholeh et al., 2023). With the advancement of AI technology, Canva has integrated various AI-based features, including Magic Design, automatic layout recommendations, automatic background removal, and adaptive template-based design adjustments (Pramuditha et al., 2024). The platform allows users to produce promotional visual content efficiently without advanced graphic design expertise (Sholeh et al., 2023).

This study is grounded in the concept of Human AI Symbiosis proposed by Jarrahi (2018), which emphasizes that artificial intelligence functions as a decision-support system that complements human capabilities rather than replacing them. In organizational contexts, AI technologies assist users by processing information efficiently, reducing uncertainty, and enhancing decision quality. Furthermore, the Human-Centered AI perspective suggests that AI systems should be designed to be intuitive and accessible to users with diverse levels of technological competence (Shneiderman, 2022). These perspectives are particularly relevant in the context of Canva AI, as its user-friendly features may enable fashion SMEs to improve business decision quality regardless of their digital literacy level.

Previous studies have predominantly investigated Canva's contribution to promotional effectiveness, branding, and marketing performance among SMEs (Alamsyah, 2024; Sunarto & Setiadi, 2023). However, limited research has examined Canva AI as a decision-support tool that influences business decision quality. In addition, digital literacy has traditionally been considered a critical factor in determining the effectiveness of technology utilization among SMEs (Hamidah, 2024). Nevertheless, recent advancements in AI-based platforms have introduced intuitive and user-friendly features that may reduce users' dependence on digital competencies. This raises an important question regarding whether AI tools such as Canva AI can compensate for limitations in digital literacy and support high-quality business decisions. In future, this role is going to make relationship remains underexplored. Addressing these gaps contributes to a deeper understanding of how AI-based design tools support decision-making processes in fashion SMEs.

Additionally, the effectiveness of AI technology use is influenced by users' ability to understand and leverage digital technology (Hamidah, 2024). Digital literacy is a critical factor determining entrepreneurs' capacity to operate technology productively (Hamidah, 2024). According to Hamidah (2024), a high level of digital literacy can help SME entrepreneurs utilize digital platforms more effectively. On the other hand, users' experience with digital applications also impacts the effectiveness of technology use (Nasution et al. 2024; Putri et al., 2024).

Therefore, this study examines the influence of Canva AI utilization on business decision quality among fashion SMEs in Bandung, while considering the moderating roles of digital literacy and user experience. By integrating the HumanAI Symbiosis perspective, this study contributes to the literature by exploring whether AI-based design tools can reduce reliance on users' digital competencies while supporting effective business decision-making. The result is about to explain theoretical insights into AI-assisted decision-making and practical implications for SMEs seeking to optimize the use of AI technologies in business contexts.

LITERATURE REVIEW

Artificial Intelligence (AI) is a technology that is changing quickly in our time of digital change. AI is a computer system that can copy how humans think, analyze information, and make decisions using data and certain rules. In the business world, AI assists companies in working more efficiently, improving their marketing plans, and making quicker and more precise decisions.

(Hidayat R. et al., 2024) Say that Artificial Intelligence is very important in management information systems because it can automatically handle data and create strategic suggestions based on its analysis. The growth of AI is also causing changes. 'in the work habits of today's organizations, including small and medium-sized enterprises (SMEs).'

Digital transformation in small and medium-sized enterprises (SMEs) isn't just about using social media and online marketplaces anymore; it now also involves using AI technologies for both operational tasks and marketing efforts. Having AI available gives small and medium-sized businesses chances to work better and reach more customers using digital methods.

Canva AI Utilization and Business Decision Quality

Business decision quality refers to the ability of business owners to make accurate and effective decisions based on relevant information to achieve organizational objectives. In SMEs, decision quality is crucial because limited resources make every business decision highly influential on organizational performance and sustainability (Liando et al., 2025). Previous studies suggest that the utilization of digital technologies, including AI, contributes to improving decision quality by providing more systematic and data-driven recommendations (Hidayat R. et al., 2024; Patandung et al., 2025).

Canva AI is an AI-powered design platform that offers features such as Magic Design, automatic design recommendations, and visual optimization to assist users in creating professional promotional content efficiently. The use of Canva AI enables SMEs to enhance branding consistency and improve the attractiveness of promotional materials without requiring advanced design expertise (Sholeh et al., 2023; Pramuditha et al., 2024). In the fashion industry, where consumer perceptions are strongly influenced by visual presentation, Canva AI may support business owners in making faster and more effective promotional decisions (Cahya, 2021; Alamsyah, 2024).

Although previous studies have highlighted the role of Canva in supporting marketing and branding activities among SMEs (Sholeh et al., 2023; Alamsyah, 2024), limited research has examined Canva AI as a decision-support tool that influences business decision quality.

The Moderating Role of Digital Literacy

Digital literacy refers to an individual's ability to access, understand, evaluate, and utilize digital technologies effectively in various activities, including business operations (Hamidah, 2024). In the SME context, digital literacy is considered an important capability that enables entrepreneurs to adapt to technological changes and optimize the use of digital tools. Business owners with higher levels of digital literacy tend to utilize technology features more effectively and integrate them into business strategies.

When using Canva AI, digital literacy may influence how users understand AI-generated recommendations and apply them to promotional activities. SMEs with stronger digital literacy are more likely to evaluate the quality of visual content, understand digital trends, and align AI-assisted outputs with business objectives (Hamidah, 2024). Furthermore, previous studies suggest that digital competencies contribute to the effectiveness of technology adoption and business decision-making processes among SMEs (Liando et al., 2025; Sitompul et al., 2025).

Although Canva AI is designed to be user-friendly, the ability to maximize its features may vary depending on users' digital literacy levels. Therefore, digital literacy is expected to strengthen the relationship between Canva AI utilization and business decision quality among fashion SMEs.

The Moderating Role of User Experience

Previous studies have suggested that experience in using digital technologies influences how effectively individuals utilize technological features in their daily activities. Users who are familiar with digital applications tend to adapt more quickly to new functionalities and use available features more efficiently (Nasution et al., 2024). In the SME context, accumulated experience with technology may help business owners develop practical knowledge and confidence that support the effective implementation of digital tools in business operations.

Regarding Canva AI utilization, user experience may determine how well fashion SME owners leverage AI-powered features such as automatic design recommendations and visual optimization tools. Entrepreneurs with greater experience are more likely to understand application workflows, explore new AI capabilities, and apply generated outputs according to their promotional objectives. Moreover, experienced users may be better able to identify which AI-generated recommendations align with consumer preferences and market trends, enabling them to make more appropriate promotional decisions. Putri et al. (2024) found that greater experience in using digital platforms contributes to more effective technology utilization. Similarly, Nasution et al. (2024) emphasized that experienced users generally demonstrate higher efficiency and confidence when interacting with digital applications.

In the fashion SME sector, where visual presentation plays a crucial role in attracting consumers, the ability to utilize Canva AI effectively can support branding consistency and promotional effectiveness. Although Canva AI is designed to be accessible for users with different backgrounds, variations in user experience may influence the extent to which its features are optimized to support business activities and decision-making processes. Therefore, user experience is expected to strengthen the relationship between Canva AI utilization and business decision quality among fashion SMEs.

Digital Literacy and Business Decision Quality

Within the contemporary techno-commercial milieu, Digital Literacy has transcended the elementary manipulation of electronic apparatuses and emerged as a cardinal epistemic endowment for SMEs. Rather than merely denoting operational familiarity with digital mechanisms, Digital Literacy embodies the capability to procure, scrutinize, authenticate, synthesize, and strategically mobilize digitized informational repositories for entrepreneurial pursuits and organizational deliberation (Hamidah, 2024). Proprietors possessing elevated Digital Literacy frequently demonstrate heightened techno-adaptability, superior informational discernment, and greater responsiveness toward fluctuating commercial contingencies.

From a decisional perspective, Digital Literacy functions as a catalytic intellectual resource facilitating enhanced Business Decision Quality. Through proficient navigation of digital information ecosystems, entrepreneurial actors become increasingly capable of constructing judgments grounded in empirically substantiated intelligence rather than speculative intuition. Hamidah (2024) posits that digitally sophisticated proprietors possess a greater propensity to transform technological affordances into productive mechanisms for organizational advancement.

Moreover, Liando et al. (2025) contend that Business Decision Quality within SMEs is profoundly contingent upon entrepreneurs' capability to orchestrate informational resources and exploit technological infrastructures effectively. Enhanced comprehension of digital instruments and market-derived intelligence may facilitate the formulation of more advantageous promotional architectures and operational interventions.

Within the fashion-SME domain, wherein consumer proclivities and stylistic trajectories exhibit persistent volatility, Digital Literacy may operate as an interpretative compass enabling proprietors to decipher informational complexity and formulate strategically advantageous responses. Consequently, elevated levels of Digital Literacy are anticipated to engender a salutary augmentation of Business Decision Quality.

User Experience and Business Decision Quality

User Experience constitutes a pivotal determinant governing the efficacy with which technological ecosystems are appropriated within commercial environments. Reiterative engagement with digital infrastructures cultivates experiential cognition, thereby enabling individuals to internalize systemic functionalities, acclimatize to technological metamorphoses, and exploit available instruments with heightened proficiency. Nasution et al. (2024) maintain that individuals possessing extensive experiential exposure to digital technologies frequently demonstrate superior operational fluency and elevated confidence when assimilating emergent functionalities.

Within SME contexts, User Experience may enhance Business Decision Quality by facilitating the identification of contextually suitable technological solutions and their alignment with organizational exigencies. Putri et al. (2024) observed that accumulated experiential familiarity with digital platforms substantially enhances technological-utilization effectiveness. Entrepreneurs possessing richer experiential capital generally exhibit superior comprehension of consumer inclinations, greater recognition of efficacious promotional schemas, and enhanced aptitude for deriving actionable judgments from prior technological encounters.

The cumulative sedimentation of experiential knowledge may attenuate decisional ambiguity while simultaneously fostering more streamlined and evidence-enriched judgmental processes. Within fashion SMEs, where visual symbolism and promotional resonance exert substantial influence upon consumer attraction, User Experience may facilitate the orchestration of sophisticated marketing initiatives and improved organizational outcomes. Accordingly, User Experience is anticipated to exert a favorable influence upon Business Decision Quality.

Hypothesis Development

The proliferation of Artificial Intelligence across contemporary commercial ecosystems has increasingly been construed as a transformative enabler of enhanced decisional architectures. Through computational mechanisms capable of processing immense informational corpora, extracting latent regularities, and generating actionable intelligence, Artificial Intelligence facilitates more sophisticated strategic deliberation. Hidayat R. et al. (2024) argue that Artificial Intelligence amplifies decisional efficacy through algorithmic automation and structured analytical procedures. Similarly, Cahyati et al. (2024) assert that Artificial Intelligence-infused business-intelligence ecosystems permit organizations to apprehend market fluctuations and consumer behavioral trajectories with greater granularity.

Within fashion SMEs, visual semiotics occupies a central position in shaping consumer interpretation and purchase predispositions. Canva Artificial Intelligence Utilization, functioning as an Artificial Intelligence-augmented visual-production ecosystem, furnishes users with functionalities encompassing algorithmically generated design propositions, automated template recalibration, and visual-optimization mechanisms. Prior scholarly investigations have revealed that Canva-mediated interventions may elevate promotional sophistication and consolidate brand coherence among SMEs (Alamsyah, 2024; Pramuditha et al., 2024). Accordingly, intensified Canva Artificial Intelligence Utilization is anticipated to facilitate superior Business Decision Quality, particularly in relation to visual-marketing strategization.

Nevertheless, the efficacy of Artificial Intelligence assimilation remains substantially dependent upon users' technological competence. Digital Literacy embodies

an individual's aptitude to access, scrutinize, evaluate, and strategically exploit digital resources. Hamidah (2024) contends that elevated Digital Literacy enables SMEs to extract maximal utility from technological infrastructures, whereas diminished Digital Literacy may impede the effectiveness of technological adoption (Sitompul et al., 2025). Consequently, Digital Literacy is postulated not merely as a direct antecedent of Business Decision Quality but also as an amplificatory mechanism reinforcing the beneficial ramifications of Canva Artificial Intelligence Utilization upon decisional quality.

Beyond Digital Literacy, User Experience likewise occupies a pivotal explanatory position. Individuals endowed with extensive experiential familiarity frequently possess more elaborate cognitive schemas concerning application functionalities and demonstrate heightened competence in exploiting technological affordances. Nasution et al. (2024) propose that User Experience enhances both operational efficiency and technological effectiveness. Within the context of Canva Artificial Intelligence Utilization, experienced users are presumed to appropriate Artificial Intelligence functionalities more strategically, thereby generating visually compelling and contextually pertinent outputs capable of informing superior business judgments. Therefore, User Experience is likewise hypothesized to exert both a direct influence upon Business Decision Quality and a synergistic reinforcement effect upon the association between Canva Artificial Intelligence Utilization and decisional quality.

Based on the above discussion, the hypotheses proposed in this study are as follows:

H1: The use of Canva AI positively affects the quality of business decisions in fashion SMEs.

H2: Digital literacy moderates the effect of Canva AI usage on the quality of business decisions in fashion SMEs.

H3: User experience moderates the effect of Canva AI usage on the quality of business decisions in fashion SMEs.

H4: Digital literacy positively affects the quality of business decisions in fashion SMEs.

H5: User experience positively affects the quality of business decisions in fashion SMEs.

RESEARCH METHOD

The present inquiry adopted a quantitatively oriented explanatory-survey paradigm to scrutinize the ramifications of Canva-integrated AI deployment upon BDQ within the milieu of fashion-oriented SMEs situated in Bandung. Empirical data acquisition transpired throughout the interval spanning 1–30 April 2026 and encompassed entrepreneurial actors engaged in fashion commerce who had previously incorporated Canva into both promotional orchestration and operational undertakings.

Participant inclusion was governed by a purposive-selection protocol, predicated upon the necessity of recruiting informants possessing firsthand experiential familiarity with Canva-mediated commercial applications, thereby maximizing the contextual pertinence and epistemic utility of the elicited information (Sugiyono, 2022). Eligibility parameters stipulated that respondents must occupy ownership or managerial positions within fashion SMEs domiciled in, or conducting commercial activities throughout, Bandung and must have utilized Canva and/or its AI-enabled functionalities for digital-design production and promotional dissemination. In accordance with contemporary methodological prescriptions concerning minimum observational adequacy for SEM-

PLS estimation, an aggregate of 253 valid respondents was adjudged sufficient to sustain the analytical requirements of model verification and hypothesis appraisal (Hair et al., 2021).

The principal evidentiary corpus was garnered through a web-based survey instrument disseminated via Google Forms, whereas ancillary documentation was assembled from scholarly periodicals, academic monographs, and assorted scientific repositories germane to the focal domain of investigation.

Respondent involvement remained entirely voluntary, and all submissions were rendered anonymously to preserve informational confidentiality and preclude personal identifiability. The measurement apparatus was synthesized through the adaptation and contextual refinement of constructs originating from antecedent scholarly contributions. CAU was operationalized through indicators reflecting the frequency of AI-enabled feature engagement, the facilitation of visual-content generation, and the efficacy of algorithmically generated recommendations (Pramuditha et al., 2024; Sholeh et al., 2023). BDQ was conceptualized through dimensions encompassing promotional efficacy, decisional precision, branding uniformity, and operational optimization (Liando et al., 2025). DL was delineated according to an individual's proficiency in comprehending, navigating, and strategically leveraging digital technologies (Hamidah, 2024), whereas UX was operationalized through the extent of experiential familiarity and interactional competence with digital-design platforms (Putri et al., 2024).

All manifest variables were quantified through a five-point Likert-type response continuum, extending from emphatic disagreement to emphatic agreement, thereby enabling the systematic capture of respondent attitudinal dispositions across the investigated constructs.

Table 1. Operational Definition of Variables

Variable	Indicators	References
Canva Artificial Intelligence Utilization	Intensity of AI feature usage; Ease of visual design creation; Effectiveness of automatic recommendations	Pramuditha et al. (2024); Sholeh et al. (2023)
Business Decision Quality	Promotional effectiveness; Decision accuracy; Brand consistency; Operational efficiency	Liando et al. (2025)
Digital Literacy	Ability to understand digital technology; Ability to effectively utilize digital technology	Hamidah (2024)
User Experience	Familiarity with digital design tools; Experience in using digital applications	Putri et al. (2024)

Source: Own Compilation (2026)

Data analysis was conducted using SPSS and SmartPLS. The analysis phase included descriptive statistics, testing the validity and reliability of the instruments, and evaluating the measurement and structural models. Relationships between variables were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS), while the moderating effects of digital literacy and user experience were tested through interaction effects in the structural model to identify the strengthening of the relationship between the use of Canva Artificial Intelligence and the quality of business decision-making.

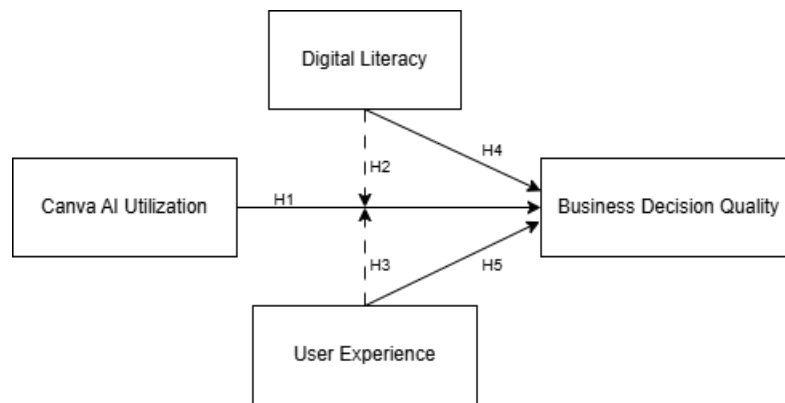


Figure 1. Model of Research
 Source: Own Compilation (2026)

Figure 1 illustrates the proposed research framework of this study. The framework depicts the direct effect of Canva AI utilization on business decision quality among fashion SMEs. In addition, digital literacy and user experience are proposed as moderating variables that influence the relationship between Canva AI utilization and business decision quality. This framework serves as the basis for testing the proposed hypotheses using the SEM-PLS approach.

RESEARCH RESULTS

Respondent Characteristics

Table 2. Respondent Characteristics

Respondent Demographics	Categories	Numbers	In %
Gender	Male	118	53.4
	Female	135	13.8
Age range	<20 years old	35	34
	20–25 years old	86	52.2
	26–30 years old	132	51.4
Occupation	Student	130	48.6
	Worker	123	10.7
User experience	<6 months	27	24.1
	6–12 months	61	39.9
	1–2 years	101	25.3
	>2 years	64	

Source: Own Compilation (2026)

Table 1 shows the demographic information of the 253 people who answered the survey. In terms of gender, 53.4% of the participants were male, and 46.6% were female (Sugiyono, 2022). The biggest age group was people between 26 and 30 years old, making up 52.2% of the total. The next largest group was those who were 20 to 25 years old, which was 34% (Chaniago et al., 2023). Out of the total, 51.4% were students, while 48.6% were employed as workers. About the Canva AI experience, a large number of people (39.9%) had been using the platform for 1 to 2 years, while 25.3% had more than 2 years of experience.

These numbers show that most of the participants had enough experience to assess how Canva AI affects business choices (Putri et al., 2024).

Validity and Reliability Testing

Table 3. Results of Construct Reliability and Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
BDQ	0.735	0.746	0.825	0.488
DL	0.725	0.736	0.813	0.424
CAU	0.716	0.760	0.813	0.475
UX	0.782	0.801	0.845	0.480

Source: Own Compilation (2026)

As evinced by the psychometric diagnostics encapsulated in Table 2, every latent domain exhibited rho_c coefficients exceeding the canonical demarcation of 0.70, thereby substantiating an appreciable degree of measurement dependability.

The CAU construct manifested a rho_c magnitude of 0.813, while DL demonstrated an identical coefficient of 0.813. The UX dimension yielded a reliability estimator of 0.845, whereas BDQ attained a value of 0.825. Collectively, these coefficients attest to the robust reproducibility and measurement steadfastness of the operational instrumentation.

Furthermore, α coefficients associated with all construct domains surpassed the generally accepted criterion of 0.70, signifying a commendable level of intermetric homogeneity among the constituent measurement items. Concurrently, AVE estimators for all latent dimensions approximated or exceeded the prescribed threshold of 0.50, indicating that the manifest proxies possessed sufficient explanatory potency to capture the variance attributable to their respective unobservable constructs. Taken cumulatively, the psychometric evidence derived from the convergent validity and reliability appraisals corroborates the adequacy of the measurement architecture. The observed outcomes affirm that the model satisfies the methodological exigencies requisite for SEM-PLS implementation, thereby legitimizing progression toward the examination of the endogenous structural configuration.

Table 4 HTMT Results

Heterotrait-monotrait ratio (HTMT)	
DL <-> BDQ	0.862
CAU <-> BDQ	0.810
CAU <-> DL	0.871
UX <-> BDQ	0.868
UX <-> DL	0.970
UX <-> CAU	0.826

Source: Own Compilation (2026)

Discriminant validity was assessed using the Heterotrait-Monotrait Ratio (HTMT). All HTMT values were below the recommended threshold of 0.90, indicating adequate discriminant validity among constructs.

Outer Model Evaluation

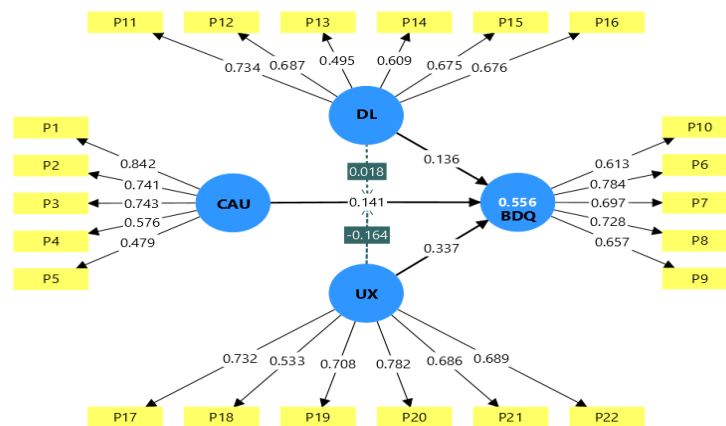


Figure 2 Measurement model (outer model)
 Source: Own Compilation (2026)

The exposition presented in Figure 2 delineates the outcomes of the exogenous measurement appraisal, undertaken to interrogate the extent to which the manifest observables faithfully instantiate the underlying theoretical abstractions. This evaluative procedure was predicated upon an examination of the associative congruence between each empirical surrogate and the latent dimensions it was postulated to operationalize. The empirical diagnostics divulged that the preponderance of measurement items exhibited outer loading coefficients surpassing the benchmark magnitude of 0.60, thereby evidencing substantial representational fidelity with respect to their corresponding conceptual domains.

Within the CAU construct, the standardized loading estimators fluctuated from 0.479 to 0.842. Correspondingly, the Digital Literacy (DL) dimension manifested loading magnitudes ranging between 0.495 and 0.734, whereas the User Experience (UX) construct demonstrated coefficient values extending from 0.533 to 0.782. For the Business Decision Quality (BDQ) construct, the loading parameters were observed to reside within the interval of 0.613 and 0.784. Notwithstanding the presence of several measurement proxies whose loading coefficients failed to attain the conventional threshold of 0.70, their inclusion was preserved owing to the developmental and exploratory orientation of the present model-specification endeavor, as well as their continued theoretical salience in explicating the focal latent domains.

Moreover, inferential resampling via bootstrapping revealed that every indicator attained statistical significance, as evidenced by probability values consistently inferior to 0.05. This outcome corroborates the substantive efficacy of the indicators in mirroring their respective latent constructs. Accordingly, the entirety of the measurement items was adjudged psychometrically tenable and thus retained for subsequent structural equation modeling procedures.

Structural Model Evaluation

Collinearity Assessment

Table 5. Inner VIF Values

	VIF
DL -> BDQ	2.861
DL x CAU -> BDQ	7.889
CAU -> BDQ	2.224

UX -> BDQ	2.711
UX x CAU -> BDQ	7.745

Source: Own Compilation (2026)

VIF indices underwent rigorous interrogation to elucidate any conceivable manifestations of interpredictor redundancy within the nomological architecture. As all VIF estimators resided well beneath the prescribed demarcation of 5.00, the findings evinced a negligible propensity for multicollinearity, indicating that collinear entanglements exerted no material encumbrance upon the current inquiry.

R-square Values

Table 6. R-square values

	R-squared	Adjusted R-square
BDQ	0.556	0.547

Source: Own Compilation (2026)

From the findings of the internal model assessment shown in Table 6, we found an R-square value of 0.556 for the Business Decision Quality (BDQ) variable. This number shows that 55.6% of the differences in the quality of business decisions can be explained by the factors of how AI Canva is used, digital skills, and user experience in the research model. At the same time, the other 44.4% is due to factors that are not included in the research model. An R-square value of 0.556 shows that the research model has a moderate to strong ability to predict and explain how the variables are related to each other. So, the structural model used in this study is seen as very effective in showing how using Canva AI affects the quality of business decisions made by fashion MSMEs in Bandung.

Effect Size Assessment

Table 7. Effect Size (f^2)

	f-square
DL -> BDQ	0.015
DL x CAU -> BDQ	0.000
CAU -> BDQ	0.020
UX -> BDQ	0.095
UX x CAU -> BDQ	0.021

Source: Own Compilation (2026)

The effect size (f^2) was assessed to determine the contribution of each exogenous construct to the endogenous construct. According to Cohen's guidelines, values of 0.02, 0.15, and 0.35 indicate small, medium, and large effect sizes, respectively.

Model Fit (SRMR)

Table 8. Model Fit Assessment

	Saturated model	Estimated model
SRMR	0.073	0.072

Source: Own Compilation (2026)

Model fit was evaluated using the Standardized Root Mean Square Residual (SRMR). An SRMR value below 0.08 indicates a good model fit, suggesting that the proposed model adequately fits the observed data.

Hypothesis Testing

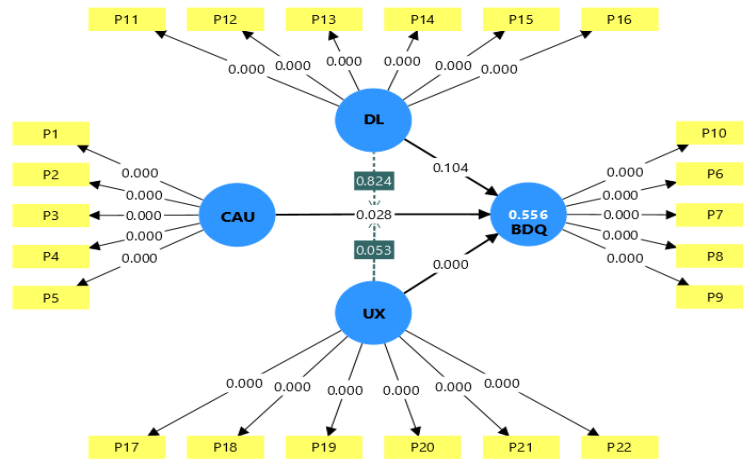


Figure 3. Measurement Model (Bootstrapping)
 Source: Own Compilation (2026)

The results of the bootstrapping test, which was used to evaluate the importance of the correlations between the variables in the research model, are shown in Figure 3. The t-statistics and p-values for each relationship path between variables were examined in order to conduct this test. With a p-value of 0.028 (<0.05), the bootstrapping results show that the Canva AI Utilization (CAU) variable has a favorable and substantial impact on Business Decision Quality (BDQ). This implies that Bandung's fashion SMEs can make better business decisions by utilizing Canva AI.

Additionally, Business Decision Quality was positively and significantly impacted by the User Experience (UX) variable (p-value = 0.000). Conversely, BDQ was not significantly impacted by Digital Literacy (DL) (p-value = 0.104; >0.05). Digital literacy and the use of Canva AI (DL $\times$ CAU) did not significantly affect BDD in the moderation test (p = 0.824). Similarly, the moderating association was considered statistically insignificant because the interaction between User Experience and the Use of Canva AI (UX $\times$ CAU) produced a p-value of 0.053, which is just above the 0.05 significance threshold.

Table 9. Hypothesis Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Decision
DL -> BDQ	0.136	0.139	0.084	1.625	0.104	Rejected
DL x CAU -> BDQ	0.018	0.016	0.080	0.222	0.824	Rejected
CAU -> BDQ	0.141	0.139	0.064	2.195	0.028	Accepted
UX -> BDQ	0.337	0.346	0.077	4.369	0.000	Accepted
UX x CAU -> BDQ	-0.164	-0.159	0.085	1.934	0.053	Rejected

Note: CAU = Canva AI Utilization; BDQ = Business Decision Quality; DL = Digital Literacy; UX = User Experience.

Source: Own Compilation (2026)

Table 9 presents the results of hypothesis testing. The findings indicate that Canva AI utilization has a positive and significant effect on business decision quality ($\beta = 0.141$, $p = 0.028$), supporting H1. In contrast, digital literacy does not moderate the relationship between Canva AI utilization and business decision quality ($\beta = 0.018$, $p = 0.824$), leading to the rejection of H2. Similarly, user experience does not significantly moderate the relationship between Canva AI utilization and business decision quality ($\beta = -0.164$, $p = 0.053$); therefore, H3 is rejected.

Regarding the direct effects, digital literacy does not significantly affect business decision quality ($\beta = 0.136$, $p = 0.104$), resulting in the rejection of H4. Conversely, user experience has a positive and significant effect on business decision quality ($\beta = 0.337$, $p = 0.000$), supporting H5. These findings suggest that while Canva AI utilization and user experience contribute to enhancing business decision quality, digital literacy and the moderating roles of digital literacy and user experience do not significantly influence this relationship among fashion SMEs in Bandung.

DISCUSSION

The Impact of Canva AI Utilization on Business Decision Quality

The results of this study indicate that Hypothesis 1 (H1) is accepted, demonstrating that Canva AI utilization has a positive and significant effect on business decision quality among fashion SMEs in Bandung ($\beta = 0.141$; $p = 0.028$).

These findings suggest that Canva AI supports SMEs in improving promotional effectiveness, decision accuracy, brand consistency, and operational efficiency through AI-powered features such as automatic design recommendations and visual optimization. These findings are consistent with Hidayat R. et al. (2024), who argued that Artificial Intelligence enhances decision-making effectiveness through systematic and data-driven processes. Similarly, Liando et al. (2025) emphasized that digital technology adoption contributes to improved business responsiveness and decision quality among SMEs. Previous studies by Pramuditha et al. (2024) and Alamsyah (2024) also highlighted Canva's role in supporting promotional activities and strengthening brand identity.

From a theoretical perspective, these findings support the notion that AI adoption can enhance managerial capabilities and improve decision quality. From a practical perspective, fashion SMEs can utilize Canva AI as an accessible and cost-effective tool to support promotional decisions and strengthen competitiveness in the digital marketplace.

The Moderating Role of Digital Literacy in the Relationship between Canva AI Utilization and Business Decision Quality

Output process that H2 is rejected, suggesting that digital literacy doesn't impact Canva AI utilization substantially and business decision quality among fashion SMEs in Bandung ($\beta = 0.018$; $p = 0.824$). These findings imply that the positive effect of Canva AI utilization on business decision quality does not vary according to the level of digital literacy possessed by SME owners. One possible explanation is that Canva AI is designed with user-friendly and intuitive features, allowing users with different levels of digital literacy to benefit from its functionalities. Although Hamidah (2024) emphasized the

importance of digital literacy in technology utilization, Sitompul et al. (2025) suggested that the accessibility of technology also influences its effectiveness.

From a theoretical perspective, these findings indicate that technology characteristics may reduce the role of digital literacy in shaping decision outcomes. From a practical perspective, fashion SMEs can adopt Canva AI regardless of their digital literacy levels, allowing businesses to focus on maximizing the use of AI-powered tools to improve decision quality.

The Moderating Role of User Experience in the Relationship between Canva AI Utilization and Business Decision Quality

Output process that H3 is rejected, suggesting that user experience does not connect substantially among Canva AI utilization and business decision quality among fashion SMEs in Bandung ($\beta = -0.164$; $p = 0.053$). These findings imply that the positive effect of Canva AI utilization on business decision quality remains relatively consistent regardless of users' prior experience with digital design tools. A possible explanation is that Canva AI provides intuitive and easy-to-use features, enabling users with different levels of experience to utilize its functionalities effectively.

Although Nasution et al. (2024) and Putri et al. (2024) emphasized the importance of experience in technology utilization, the accessibility of Canva AI may reduce the influence of prior experience on decision outcomes.

From a theoretical perspective, these findings suggest that user-friendly AI technologies can minimize differences arising from users' previous experience. From a practical perspective, fashion SMEs can adopt Canva AI regardless of their experience level, as the platform appears capable of supporting users with varying backgrounds in digital design applications.

The Impact of Digital Literacy on Business Decision Quality

Output proses that H4 is rejected, suggesting that digital literacy does not have a significant effect on business decision quality among fashion SMEs in Bandung ($\beta = 0.136$; $p = 0.104$). These findings imply that having digital knowledge and skills alone may not necessarily lead to better business decisions. Although digital literacy supports the understanding and utilization of digital technologies, it may not directly translate into improved decision quality without effective application in business contexts. This finding differs from Hamidah (2024), who argued that digital literacy supports informed decision-making processes through effective technology utilization. Similarly, Liando et al. (2025) emphasized that the ability to manage information and use digital technologies contributes to better business performance. However, the findings of this study suggest that user-friendly AI technologies, such as Canva AI, may reduce the dependence on general digital competencies in making business decisions.

From a theoretical perspective, these findings indicate that the influence of digital literacy on business decision quality may depend on other factors, such as specific technological competencies or the characteristics of the technology used. From a practical perspective, fashion SMEs should focus not only on improving general digital literacy but also on developing practical skills in utilizing AI-based applications that directly support business activities and decision-making processes.

The Impact of User Experience on Business Decision Quality

Output proves that H5 is accepted, demonstrating that user experience has a positive and significant effect on business decision quality among fashion SMEs in Bandung ($\beta = 0.337$; $p = 0.000$). These findings suggest that SME owners with greater experience in using digital technologies tend to make better business decisions. Experience gained through repeated interactions with digital tools enables individuals to understand application features more effectively and apply them according to business needs.

These findings are consistent with Putri et al. (2024), who found that experience in using digital platforms contributes to more effective technology utilization. Similarly, Nasution et al. (2024) emphasized that experienced users tend to demonstrate greater efficiency and confidence in utilizing digital applications. In the context of fashion SMEs, accumulated experience with digital technologies may help business owners develop more effective promotional strategies and make more informed business decisions.

From a theoretical perspective, these findings support the importance of experiential learning in technology-enabled decision-making processes. From a practical perspective, fashion SMEs should encourage continuous learning and hands-on experience with digital tools, as accumulated experience can enhance decision quality and support business performance improvement.

CONCLUSIONS

This study examined the effect of Canva AI utilization on business decision quality among fashion SMEs in Bandung, with digital literacy and user experience as moderating variables. The findings revealed that Canva AI utilization and user experience positively and significantly influence business decision quality, while digital literacy does not have a significant direct effect. In addition, digital literacy and user experience were not found to moderate the relationship between Canva AI utilization and business decision quality. These findings contribute to the study by extending the understanding of AI adoption in the context of fashion SMEs and suggesting that the accessibility and user-friendly characteristics of AI-based platforms such as Canva AI may reduce the importance of digital literacy and prior user experience in influencing business decision quality.

From a practical perspective, Canva AI has potential as an accessible and cost-effective tool that can support fashion SMEs in improving promotional effectiveness, maintaining brand consistency, and enhancing decision quality. SME owners are encouraged to maximize the utilization of AI-powered features to support business activities and strategic decision-making. Furthermore, support programs for SMEs should focus not only on improving general digital competencies but also on strengthening practical skills related to the effective use of AI-based applications.

This has a spoken limitation, including first, the research was limited to fashion SMEs in Bandung, which may restrict the generalizability of the findings to other sectors and geographical contexts. Second, this study focused solely on Canva AI as a representation of AI-based design technology. Future studies are encouraged to involve broader samples from different industries and regions, examine other AI applications, and incorporate additional variables that may influence business decision quality to show the adoption of AI among SMEs.

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