

DIGITAL TECHNOLOGY MEDIATES BUSINESS STRATEGIES AND JOB CREATION LAW TO MSME PERFORMANCE IN THE CULINARY SECTOR

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ABSTRACT

To determine the direct and indirect influence of business strategy variables and Job Creation Law variables on culinary sector of MSME Performance mediated by Digital Technology variables is the aim of this research. The use of SmartPLS 3.2.8 as a quantitative method in research methods is used to analyze data, so that it can identify relationships between variables. The research population is MSMEs in the culinary sector in Prajurit Kulon sub-district. There were 83 MSMEs in the research sample obtained from the Slovin formula calculation. The data collection techniques used were observation, interviews and questionnaires. Data analysis was carried out using outer model test, inner model test, and hypothesis test. The direct influence of business strategy variables and the Job Creation Law on the performance of MSMEs in the culinary sector mediated by digital technology is the result of this research, so it is hoped that this research can help the performance of MSMEs in the culinary sector in the Warrior Kulon District, Mojokerto City, to increase, and can become a reference. , studies and further research references regarding digital technology that mediates business strategy and the Job Creation Law on the performance of MSMEs.

Keywords : Digital Technology; Business Strategies; Job Creation Law; MSME Performance

ABSTRAK

Untuk mengetahui pengaruh langsung dan tidak langsung variabel Strategi Bisnis dan variabel UU Cipta Kerja terhadap Kinerja UMKM sektor kuliner yang dimediasi oleh variabel Teknologi Digital merupakan tujuan dari penelitian ini. Penggunaan SmartPLS 3.2.8 sebagai metode kuantitatif dalam metode penelitian digunakan untuk menganalisis data, sehingga dapat mengidentifikasi hubungan antar variabel. Populasi penelitian adalah UMKM sektor kuliner di Kecamatan Prajurit Kulon. Sampel penelitian berjumlah 83 UMKM yang diperoleh dari perhitungan rumus Slovin. Teknik pengumpulan data yang digunakan adalah observasi, wawancara dan angket. Analisis data dilakukan dengan menggunakan uji outer model, uji inner model, dan uji hipotesis. Pengaruh langsung variabel strategi bisnis dan UU Cipta Kerja terhadap kinerja UMKM sektor kuliner yang dimediasi oleh teknologi digital merupakan hasil penelitian ini, sehingga diharapkan penelitian ini dapat membantu kinerja UMKM sektor kuliner di Kecamatan Prajurit Kulon Kota Mojokerto agar semakin meningkat, serta dapat menjadi rujukan, kajian dan referensi penelitian lebih lanjut mengenai teknologi digital yang memediasi strategi bisnis dan UU Cipta Kerja terhadap kinerja UMKM.

Kata Kunci : Teknologi Digital; Strategi Bisnis; UU Cipta Kerja; Kinerja UMKM

INTRODUCTION

The rise of the Covid 19 pandemic that is rampant in Indonesia has become a concern in the business sector, especially MSMEs which are directly affected, such as in the food and beverage sector, transportation, warehousing and others. Data from the cooperative ministry stated that 163,713 MSME actors in the culinary sector were affected by Covid-19 (Arofahtiani & Cahyadi, 2022). 75% of business actors experienced a significant decrease in income, while 51% predicted that the culinary business would only last for 3 months, so business owners must try to save their business (Fitriyani et al., 2021). Even though the potential for culinary businesses is still promising, as stated by Ika Puspitasari, the Mayor of Mojokerto City who is trying to encourage the potential of MSMEs in the culinary sector, so the community needs to be more observant in seeing opportunities during the Pandemic, so that business actors can take advantage of existing opportunities (News.Detik.Com, 2021). Therefore, the rate of implicit index based on business field in Mojokerto City has gradually increased in the last 3 years in the field of providing food and beverage. This can be seen in the table 1 that it can be seen that the accommodation, food and beverage provider sector have an increasing index rate during 2019 to 2021, which is 1.66%, 2.02%, and 5.59%. This shows that the performance of MSMEs is also starting to increase. The food and beverage and accommodation provider sector in 2021 has the largest index level compared to other sectors, showing that culinary sector of MSME are still in great demand by the public. In line with what was stated by (Schifferstein et al., 2020) that MSME is which are mostly culinary services to the community, continue to increase from time to time. The research conducted (Prasob & Amudha, 2022) explains the challenges faced by MSMEs, namely by creating a competitive environment and technological innovation to obtain and maintain MSME performance. Research (Sampe, 2022) adds that MSME performance can be measured by several indicators, namely financial performance, cost, learning and growth, quality, time, employee satisfaction, flexibility, security, learning and growth, work environment, customer satisfaction, and delivery reliability.

MSME need to decide whether to continue using the traditional business model or change it digitally, so that in the long term MSME who do not want to carry out digital transformation will not be able to survive in the industry (Eryc, 2022). In order

for the quality of services and products to increase during the Covid 19 pandemic, MSME need to reorganize and revive their businesses, such as improving MSME performance in accessing digital marketing, marketing orientation, and entrepreneurship orientation (Ikramuddin et al., 2021). However, in its implementation, MSME in Mojokerto face several obstacles, for example, business actors do not dare to market their products using digital technology media, because business actors do not have experience in marketing products using digital technology, so that even though it is still during the Covid 19 pandemic, the performance of MSMEs continues to improve and improve.

The importance of improving the performance of MSMEs can be supported by the existence of an e-commerce platform., because e-commerce can facilitate marketing activities, so as to increase the competitiveness of MSMEs by collaborating to create value, generate more business and gain competitive advantage. E-commerce can be presented on certain platforms starting from information services on products or services being sold, product or service content, purchasing, delivery, notification, receipt, and confirmation (Simanjuntak et al., 2022). E-commerce is currently in great demand by the Indonesian people, it is as recorded in the table 2 about the large number of e-commerce visitors in the first quarter of 2022.

In addition to e-commerce, digital technology that can be used in marketing MSME products is social media, where social media becomes a platform for strengthening internet access as a means of promoting products or services in the form of images or videos. Certain social media networks are considered more profitable than others, for example, Facebook which is known to the public for its strong network and a platform that is easy for customers to reach, Twitter which is well known for conveying product brands and fast and real time in getting responses from customers, Instagram which is known for being easy to sell through attractive images and platforms (Gbandi & Iyamu, 2022). Therefore, the author uses digital technology indicators that can be measured by the use of e-commerce which includes shopee, tokopedia, lazada, and Bibli, as well as the use of social media such as whatsapp, tiktok, instagram, and facebook (Hidayat et al., 2022).

A new phenomenon for MSME in the city of Mojokerto regarding business transactions using the internet, but the problem is that the lack of knowledge about

digital technology and business strategies makes the information obtained by MSMEs about the market is limited, so that the right business strategy is needed. To be able to achieve a competitive advantage in business strategy, it is necessary to have an advantage in offering products and services that are more valued by customers or consumers than the offerings made by competitors. Therefore, Porter's book describes three generic strategies that can be used as indicators in business strategies to gain competitive advantage, namely low cost, differentiation, and focus (Nikmah & Siswahyudianto, 2022).

In research from (Cahyono et al., 2022) explains the use of the Mann-Whitney U-test that there are significant differences between the three variables, namely the SME Performance Expectations, SCA and IT Adoption variables. And between Indonesia and Malaysia, MSMEs do not have significantly different results on the Perceived Simplicity and Green Technology Capability variables. In research conducted (Masyhuri et al., 2021) explaining the use of the smartPLS3.0 method, it was found that the use of ICT had a significant effect on company performance, as well as innovations that were not successful in mediating the use of ICT on company performance. While research from (Purnama et al., 2022) also stated that using the MLR method, the results obtained were that the Digital Marketing variable and the use of Marketplace influenced the variable Increase in Sales Turnover partially and significantly in the culinary sector MSMEs. Marketplace to Increasing Sales Turnover simultaneously.

From the explanation of the phenomenon of problem conditions in the field, the writer wants to research about Digital Technology Mediates Business Strategies and Job Creation Law to MSME Performance in the Culinary Sector. This research aims to analyze the direct and indirect impacts of the Business Strategies and Job Creation Law variables on the performance of MSME through Digital Technology. This research is expected to improve the performance of MSME in the culinary field in the Prajurit Kulon sub-district, Mojokerto City, and can be a reference and study of digital technology mediating business strategies and the Job Creation Law on MSME performance.

LITERATURE REVIEW

Current business strategies are required to adapt developments to meet consumer needs and desires, this is done because attractive strategies can make

consumers interested in shopping. Apart from that, MSMEs can help them survive amidst business competition (Fitriyani, 2021). Strategy quality reveals the need for business strategy to support business activities in planning, implementing and disseminating business decisions to achieve expected targets and goals (Baali et al., 2023). In the business world, digital technology is widely used because business development continues to increase, business people are required to be able to innovate by making technology not outdated, so that business activities can adapt according to developments (Ardiyanto et al., 2023). Business competition can cause changes in processes and methods in maintaining a business. This is due to the emerging world of technology and communication, such as the internet. The internet can create various ways of selling products such as social media and e-commerce which have become concepts in the practice of buying and selling goods or services in digital media so that there is a shift from traditional markets to online markets in selling products (Sholeh et al., 2022). When using the internet, potential consumers feel it is easier to buy and sell products in platform internet, so the internet can facilitate buying and selling transactions. The internet can be a website-based marketing activity, where this website can be a medium for transactions and expedite the online promotion and sales process (Yusuf et al., 2022)

MSMEs need to have good performance, because the achievement of work results starting from carrying out tasks by employees must be in line with responsibilities and fulfill them in quantity and quality, so that the results can be beneficial for the MSME business (Diana et al., 2022). The MSMEs performance today is often influenced by the quality of their resources due to increasingly tight competition and changes in the environment, including information technology, of course requiring good quality resources, so that they can help MSMEs adapt to changes. (Hendratmoko, 2021).

MSME Performance

MSME performance is the performance achieved by business actors in a certain period. Performance is success in achieving strategic targets with expected behavior (Siswanti, 2020), while performance assessment is the measure needed to achieve company or MSME goals in the short or long term (Almas et al., 2023). By assessing the performance of MSMEs, it is hoped that MSME goals can be achieved (Rahmawati

et al., 2023). MSME performance indicators can be seen from sales growth, capital growth, workforce growth, customer and market share growth, and profit growth (Zahrah & Nugraha, 2022).

Business Strategy

Business strategy is a relationship between the resources and advantages possessed by a business, as well as activities in creating value so that the company is able to generate profits (Rukka et al., 2018). A business's ability to gain competitive advantage is an important aspect for business growth and survival, because competitive advantage can offer lower value, as well as greater benefits (Ningrum, 2022). Indicators that can be used in business strategy are low cost, differentiation and focus (Sulistiyorini et al., 2022).

Job Creation Law

In the Job Creation Law Number 11 of 2020 concerning Job Creation which explains the rules for empowering cooperatives, protecting and facilitating MSMEs. This is done so that national project development can be accelerated and investment activities can increase. Apart from that, worker welfare and MSME protection can be achieved (Elvlyn & Marhaen, 2022). The indicators of the Job Creation Law include increasing investment and business activities, employment, as well as convenience and protection (Khair et al., 2022).

Digital Technology

Digital technology is the use of technology to assist business activities in creating, communicating, and conveying values to consumers with the aim of increasing consumer knowledge by adapting to their needs. In marketing products, digital technology is divided into social media and ecommerce (Jamiat & Supyansuri, 2020). Social Media is content that conveys information through easily accessible technological media with the aim of improving communication, relationships and good influence with society. Apart from that, social media can also be a forum for communication with friends, family, business partners. Apart from that, social media can be a marketing tool for business people. Therefore, the indicators that can be used by social media variables are WhatsApp, Instagram and Facebook (Jumiati et al., 2023).

METHOD

Method is a method of work that can be used to obtain something. While the research method can be interpreted as a work procedure in the research process, both in searching for data or disclosing existing phenomena (Zulkarnaen, W., Amin, N. N., 2018:113). A quantitative approach was used in the method in this research, because the method was carried out using numbers which were then managed in the SPSS program (Sugiyono, 2016). This research method uses survey research, where this research examines, collects data and describes a phenomenon that exists in the field (Huda et al., 2021). The respondents in this research were MSMEs in the culinary sector in the Prajurit Kulon sub-district. The sample used was 83 respondents which was calculated using the Slovin formula. The use of PLS (Partial Least Square) with the smart-PLS 3.0 program was carried out for the testing process in this research.

There are two tests in the analysis of this research, using smart-PLS in the first test, the outer model is tested, namely whether there is a correlation in the variable measurements with the latent variable (Wardana et al., 2020). In testing the outer model consists of testing the validity and reliability. For validity testing, In the convergent validity test you can see and analyze the average variance extracted (AVE) value of > 0.5 . And for reliability testing using a value on composite reliability with a value > 0.6 (Huda et al., 2021).

In the second test, namely testing Inner Model A which can see that the relationship between latent variables can be predicted. In carrying out calculations in the t-statistical test by looking for the percentage of variance that can be analyzed by looking at the R^2 statistic, so that the structural path coefficient can be analyzed (Wardana et al., 2020).

RESULTS AND DISCUSSIONS

Results

Outer Model Test

The results of validity testing in this study using the convergent validity test with average variance extracted (AVE) can be seen in the following table 3 that it is known that the indicators of Business Strategies (X1), Job Creation Law (X2), Social Media (Z1), E-Commerce (Z2) and MSME Performance (Y) have a value of average variance extracted (AVE) > 0.5 . So, it can be explained that the indicator has good validity.

While the results of reliability testing using the composite reliability test with a value of > 0.6 . The test results can be seen in the table 4 that it is known that the composite reliability value has a value > 0.6 . So it can be interpreted that the internal consistency of the variables Business Strategies (X1), Job Creation Law (X2), Social Media (Z1), E-Commerce (Z2) and MSME Performance (Y) indicates a very high reliability value.

Inner Model Test

The significance of parameters and estimates used in relationship analysis provides important information about the relationship between variables. The significance of the parameters and estimates provide very important information about the relationship between variables. It is used for look at the hypothesis, namely the value in the output result for inner weight. The inner weight of a hypothesis can be seen by looking at the output (Huda et al., 2021). This test measures the strength of the relationship between two variables using the path coefficient. The value of R squared is used to determine how much the dependent variable is influenced by the independent variable.

The results of the path analysis test from table 5 that it can be seen that the effect of the path coefficient on the Business Strategies (X1) variable on Social Media (Z1) is 0.620, while the E-Commerce (Z2) is 0.400, and on MSME performance (Y) is 0.110. The effect of Job Creation Law (X2) on Social Media (Z1) is 0.217, the effect on E-Commerce (Z2) is 0.520, and the effect on MSME performance (Y) is 0.300. For the effect of Social Media (Z1) on MSME performance (Y) of 0.580, and for E-Commerce (Z2) it has an influence on MSME performance (Y) of 0.007. This shows that the relationship between variables has a positive influence, which can be explained if the independent variable increases by one unit, the dependent variable also increases.

Hypothesis Test

This test is related to the significant measurement of the effect of each independent variable on the independent variable. This test is based on the value of the inner model test. The following is the relationship between Business Strategies (X1) and Job Creation Law (X2) variables on MSME performance (Y) through Social Media (Z1) and E-Commerce (Z2). Can be seen in the figure 1. The output of the structural model assessment can be observed in the t-statistical value and the p-value. The research

hypothesis can be declared accepted if it has a p value < 0.005 . The test results can be seen in the table 6 Based on the results of the study above, it is known that the relationship between the independent variable and the dependent variable directly can be explained as follows:

The Business Strategies (X1) variable has no effect on MSME Performance (Y), it is known that the p value is $0.187 > 0.005$, and the T statistic is $1.321 < t$ table 1.96. while the value of the Original Sample (O) is 0.110. While the Variable Business Strategies (X1) has a direct influence on digital technology "Social Media (Z1)" with a T statistic value of $6.034 > t$ table 1.96, and a p value of $0.000 < 0.005$ and an Original Sample (O) value of 0.620. And for the Variable Business Strategies (X1) it has a direct influence on digital technology "E-Commerce (Z2)" with a T statistic value of $4.661 > t$ table 1.96, and a p value of $0.000 < 0.005$ and an Original Sample (O) value of 0.400. The Job Creation Law (X2) variable has a direct influence on MSME Performance (Y) with a T statistic value of $3,467 > t$ table 1.96, and a p value of $0.001 < 0.005$ and a value of Original Sample (O) of 0.300. Variable Job Creation Law (X2) has a direct influence on digital technology "Social Media (Z1)" with a T statistic value of $2.189 > t$ table 1.96, and a p value of $0.029 < 0.005$ and an Original Sample (O) value of 0.217. Variable Job Creation Law (X2) has a direct influence on digital technology "E-Commerce (Z2)" with a T statistic value of $6.600 > t$ table 1.96, and a p value of $0.000 < 0.005$ and an Original Sample (O) value of 0.520. . Meanwhile, the digital technology variable "Social Media (Z1)" has a direct influence on MSME Performance (Y) with a T statistic value of $8.092 > t$ table 1.96, and a p value of $0.000 < 0.005$ and an Original Sample (O) value of 0.580. . And for the digital technology variable "E-Commerce (Z2)" does not have a direct influence on MSME Performance (Y) with a T statistic value of $0.075 < t$ table 1.96, and a p value of $0.940 > 0.005$ and the value of the Original Sample (O) of 0.007.

Business Strategy (X1) has a positive influence on MSME Performance (Y) through Digital Technology on "Social Media (Z1)". With a t-count value of $5.104 > t$ -table of 1.96 and a P-Value of $0.000 < 0.05$ and an original sample value of 0.360. Business Strategy (X1) has no influence on MSME Performance (Y) through Digital Technology on "E-Commerce (Z2)" With a t-count value of $0.071 > t$ -table of 1.96 and a P-Value of $0.943 > 0.05$ and the original sample value of 0.003. while the Job Creation

Law (X2) has a positive influence on MSME Performance (Y) through Digital Technology (social media) (Z1). With a t-count value of $1.986 > t\text{-table of } 1.96$ and a P-Value of $0.041 < 0.05$ and an original sample value of 0.126. And the Job Creation Law (X2) has no effect on MSME Performance (Y) through Digital Technology in “E-Commerce (Z2)”. With a t-count value of $0.072 < t\text{-table of } 1.96$ and a P-Value of $0.942 < 0.05$ and an original sample value of 0.004.

Discussion

Business Strategy (X1) does not affect the performance of UMKM (Y) in the culinary sector. With a t-count value of $1.321 < t\text{-table of } 1.96$ and a P-Value of $0.187 > 0.05$ and an original sample value of 0.110. It can be seen that MSME actors in improving their performance do not understand the importance of business strategy, where business strategy is the most important thing in improving MSME performance. Most of the strategies used by MSME actors are traditional strategies and have been carried out in general and there is also a need for innovation and development in carrying out business strategies (Eryc, 2022). In line with the research conducted (Farida & Setiawan, 2022) which says that business strategies have an impact on the performance of MSMEs, and how important strategies are in improving MSME performance.

Business Strategy (X1) has a positive influence on Digital Technology on "social media (Z1)". With t-count value of $6.034 > t\text{-table of } 1.96$ and P-Value value of $0.000 < 0.05$ and original sample value of 0.620. Which can be interpreted as the amount of influence. When there is a change or increase in Business Strategy, the Digital Technology "social media (Z1)" increases by 0.620. These results illustrate that improving business strategy will have an impact on increasing Digital Technology on "social media (Z1)". It is undeniable that technological advances will bring benefits to MSME actors, especially the use of social media as the largest channel used to be used as a promotional media and also the introduction of a product, especially the culinary sector (Eryc, 2022). Business strategies using social media are considered the most effective in providing information and promotions, because everyone cannot leave social media, both WhatsApp, Facebook, Twitter, and Instagram (Gbandi & Iyamu, 2022). while Business Strategy (X1) has a positive influence on Digital Technology on "e-commerce (Z2)". With a t-count value of $4.661 > t\text{-table of } 1.96$ and a P-Value of

0.000 < 0.05 and an original sample value of 0.400. Which can be interpreted as the value of influence. When there is a change or increase in Business Strategy, the Digital Technology "e-commerce" increases by 0.400. These results can explain that the increasing Business Strategy, the utilization of Digital Technology on (social media and e-commerce) can be used to the maximum. Improving business strategy will also have an impact on the increasing use of "e-commerce" Digital Technology. With the increase in existing e-commerce services, it will bring benefits to MSME actors in the culinary sector. This is because the information provided by business actors can be quickly and precisely when e-commerce is used properly (Simanjuntak et al., 2022).

The Job Creation Act (X2) has a positive influence on the performance of MSMEs (Y) in the culinary sector with a t-count value of 3,467 > t-table of 1.96 and a P-Value of 0.001 < 0.05 and an original sample value of 0.300. Which can be interpreted as the amount of influence. When there is a change or increase in the Job Creation Law, the MSME Performance (Y) increases by 0.300. These results can explain that the increase in the Job Creation Law will increase the performance of MSMEs, where MSMEs feel more protected, have ease in licensing and the extent of market access that will be owned. With digitalization, it is not necessary to meet face-to-face in running a business, so the performance of MSMEs is expected to increase (Elvlyn & Marhaen, 2022). The Coordinating Ministry for Economic Affairs on the Job Creation Law can increase public interest in opening a business. Therefore, the need for a Job Creation Law in legal protection and strengthening the economic sector, so that the Job Creation Law can be measured by the convenience of MSME [24].

The Job Creation Act (X2) has a positive influence on Digital Technology on (social media) (Z1). With a t-count value of 2.189 > t-table of 1.96 and a P-Value of 0.029 < 0.05 and the original sample value of 0.217. What can be interpreted as the amount of influence when there is a change or increase in the Job Creation Law, the Digital Technology "social media (Z1)" increases by 0.217. while the Job Creation Law (X2) has a positive influence on Digital Technology on "e-commerce (Z2)". With a t-count value of 6.600 > t-table of 1.96 and a P-Value of 0.000 < 0.05 and an original sample value of 0.520. Which can be interpreted as the magnitude of the influence value. When there is a change or increase in the Job Creation Act, Digital Technology (e-commerce) increased by 0.520. These results can explain that the increasing application

of the Employment Copyright Act, the utilization of Digital Technology in (social media and e-commerce) can be used optimally so as to help MSMEs open new markets and be able to expand them (Simanjuntak et al., 2022).

Business Strategy (X1) has a positive influence on MSME Performance (Y) through Digital Technology on "social media (Z1)". With a t-count value of 5.104 > t-table of 1.96 and a P-Value of 0.000 < 0.05 and an original sample value of 0.360. Which means that Digital Technology (social media) is able to mediate Business Strategy on MSME Performance with a change in value of 0.360. while the Job Creation Law (X2) has a positive influence on MSME Performance (Y) through Digital Technology on "social media (Z1)". With a t-count value of 2.046 > t-table of 1.96 and a P-Value of 0.041 < 0.05 and an original sample value of 0.126. What can be interpreted that Digital Technology on (social media) is able to mediate the Job Creation Act (X2) on MSME Performance with a change in value of 0.126. These results can explain that the increasing Business Strategy and the implementation of the Job Creation Law, the use of Digital Technology on (social media) can improve so that it has an impact on increasing MSME performance. This indicates that Digital Technology (social media) is widely used by MSME actors in the city of Mojokerto to improve MSME performance. To improve MSME performance, of course, it is supported by improvements in business strategies and also increasing Digital Technology on (social media), in a study conducted by (Rachmad, 2019) explained that technological advances both social media and e-commerce can increase retail sales volume.

Business Strategy (X1) has no effect on MSME Performance (Y) through Digital Technology (e-commerce) (Z2). With a t-count value of 0.072 < t-table of 1.96 and a P-Value of 0.943 > 0.05 and the original sample value of 0.003. while the Job Creation Act (X2) has no effect on the performance of MSMEs (Y) through Digital Technology (e-commerce) (Z2). With a t-count value of 0.074 > t-table of 1.96 and a P-Value of 0.941 > 0.05 and the original sample value of 0.004. These results can explain that there are very few Digital Technology (e-commerce) by MSME actors and more use Go-Jek, Grab and some use Shopee Food which is easier and faster.

CONCLUSIONS

From the results above, it can be concluded that there is no direct influence between business strategy on the performance of MSME, it is necessary to socialize the right business strategy in managing MSME. There is a direct influence between business strategy on digital technology making the business strategy stronger, so the use of digital technology using e-commerce and social media will be maximized. There is a direct influence between the Employment Creation Act on the performance of MSME, making the existence of the Job Creation Law easier in the management of MSME. There is a direct influence between the Job Creation Act on digital technology, making the Job Creation Law support digitization for MSMEs, so that it can help expand the market. Business strategy and the Job Creation Law have a positive influence on the performance of MSMEs through Digital Technology (Social Media), meaning that the use of digital technology using Social Media is still widely used by MSME actors in the city of Mojokerto. The business strategy and the Job Creation Law do not have a positive influence on the performance of MSMEs through Digital Technology (E-Commerce) meaning that many MSME actors in the city of Mojokerto still do not use e-commerce in managing their business, they prefer to use Go-Jek or Grab which is considered easier

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FIGURE AND TABLE

Table 1. Implicit Index Rate by Business Field

Category of Business Field GRDP	Implicit Index Rate by Business Field (Percent)		
	2019	2020	2021
Agriculture, Forestry and Fisheries	2.39	0.99	-2.67
Mining and Excavation	0.00	0.00	0.00
Industry of Processing	1.93	0.76	1.70
Electricity and Gas Supply	1.19	0.14	1.44
Water Supply, Waste Management, Waste and Recycling	-0.68	0.59	1.06
Construction	-0.44	0.82	1.01
Wholesale and Retail Trade, Car and Motorcycle Repair	2.48	0.77	1.91
Transportation and Warehousing	1.14	-0.52	0.71

Providing of Accommodation and Food and Drink	1.66	2.02	5.59
Information and Communication	0.36	0.21	0.56
Financial Services and Insurance	1.60	-0.31	3.15
Real Estate	1.98	1.33	0.20
Company Services	1.77	1.25	0.58
Government Administration, Defense and Social Security	5.92	3.10	-0.06
Education Services	1.43	1.77	-0.11
Health Services and Social Activities	1.90	1.57	2.27
Other Services	1.04	1.95	3.70
Total PDRB	1.65	0.58	1.57

Source : (BPS Kota Mojokerto, 2022)

Table 2. Quarter I Visitors Ecommerce Data for 2022

Type of E-Commerce	Monthly Web Visitors	Appstore Rank	Playstore Rank
Shopee	157.223.300	2	3
Tokopedia	132.776.700	1	1
Lazada	24.686.700	3	2
Blibli	16.326.700	6	5

Source : (Iprice.co.id, 2022)

Table 3. Average Variance Extracted (AVE) Test

	Average Variance Extracted (AVE)
Business Strategies (X1)	0,749
Job Creation Law (X2)	0,661
Social Media (Z1)	0,742
E- Commerce (Z2)	0,662
MSME Performance (Y)	0,695

Source : processed data 2022

Table 4. Composite Reliability Test

	Composite Reliability
Business Strategies (X1)	0,899
Job Creation Law (X2)	0,853
Social Media (Z1)	0,920
E- Commerce (Z2)	0,886
MSME performance (Y)	0,919

Source : processed data 2022

Table 5. Path Coefficient Test Result

	Business Strategies (X1)	Job Creation Law (X2)	Social Media (Z1)	E- Commerce (Z2)	MSME performance (Y)
Business Strategies (X1)	-	-	0,620	0,400	0,110
Job Creation Law (X2)	-	-	0,217	0,520	0,300
Social Media (Z1)	-	-	-	-	0,580
E- Commerce (Z2)	-	-	-	-	0,007
MSME performance (Y)	-	-	-	-	-

Source : processed data 2022

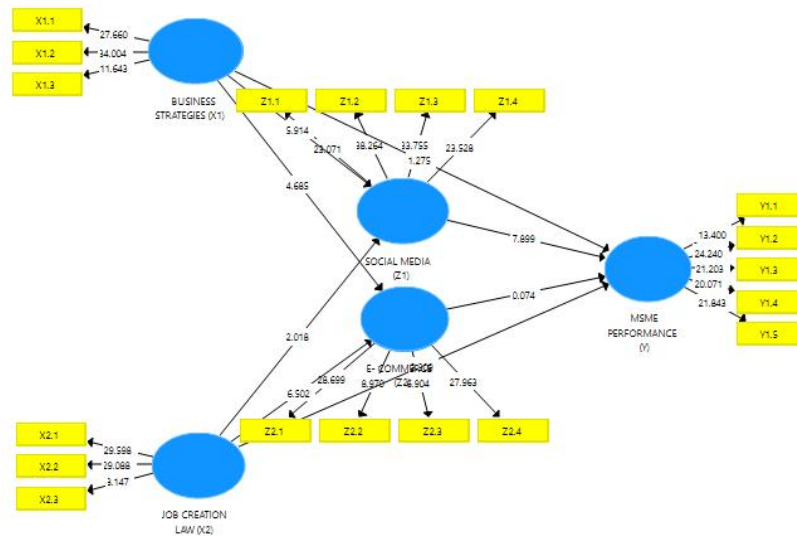


Figure 1. Full Model Structural Partial Least Square

Table 6. Results for Inner Weights

	Raw Sample (O)	T Statistik (O/STDEV)	P Values
Business Strategies (X1) -> Msme Performance (Y)	0,110	1,321	0,187
Business Strategies (X1) -> Social Media (Z1)	0,620	6,034	0,000
Business Strategies (X1) -> E- Commerce (Z2)	0,400	4,661	0,000
Job Creation Law (X2) -> MSME Performance (Y)	0,300	3,467	0,001
Job Creation Law (X2) -> Social Media (Z1)	0,217	2,189	0,029
Job Creation Law (X2) -> E- Commerce (Z2)	0,520	6,600	0,000
Social Media (Z1) -> MSME Performance (Y)	0,580	8,092	0,000
E- Commerce (Z2) -> MSME Performance (Y)	0,007	0,075	0,940
Business Strategies (X1) -> Social Media (Z1) -> MSME Performance (Y)	0,360	5,086	0,000
Business Strategies (X1) -> E- Commerce (Z2) -> MSME Performance (Y)	0,003	0,071	0,943
Job Creation Law (X2) -> Social Media (Z1) -> MSME Performance (Y)	0,126	1,986	0,041
Job Creation Law (X2) -> E- Commerce (Z2) -> MSME Performance (Y)	0,004	0,072	0,942

Source : processed data 2022