

The Effect Of Digital Literacy And Business Strategy On The Performance Of Micro, Small, And Medium Enterprises (MSMES) In Culinary Industry In Padang City

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Abstract – This study aimed to determine the effect of digital literacy and business strategy on the performance of Micro, Small and Medium Enterprises in the Culinary Industry in Padang partially and simultaneously. Primary research data sources were collected from questionnaires. The research population was 361 Culinary Micro, Small and Medium Enterprises, and a sample of 193 Culinary Micro, Small and Medium Enterprises was determined by purposive sampling. All research variables met the provisions of the instrument test and the classical assumption test so that multiple linear regression data analysis could be carried out. The multiple linear regression equations $Y = 0.401 + 0.492X_1 + 0.247X_2 + e$ indicated that digital literacy and business strategy significantly positively affect the performance of Culinary Micro, Small and Medium Enterprises in Padang partially and simultaneously.

Keywords – digital literacy, business strategy and performance

I. INTRODUCTION

During the Covid-19 pandemic, the crucial point was the low performance of 371 Culinary Micro, Small and Medium Enterprises (MSMEs) in Padang^[1]. Due to the lack of digital literacy applications in the digital transformation era, sales were carried out conventionally and traditionally and could not make the right business strategy. Therefore, it impacted the performance of Micro, Small and Medium Enterprises (MSMEs). Micro, Small and Medium Enterprises (MSMEs) actors face various obstacles from conventional to digital transformation when switching to a digital platform because not all Micro, Small and Medium Enterprises (MSMEs) are ready to do business digitally. The business strategy directly relates to company performance^[2], and strategy differentiation improves performance directly through strategy alignment^[3]. The Ministry of Cooperatives and Micro, Small and Medium Enterprises (MSMEs) can work with one of the unicorns facilitating digital marketing by encouraging the involvement of Micro, Small and Medium Enterprises (MSMEs) in the digitalization process. Only about 4.3 million out of 64.2 million Micro, Small and Medium Enterprises (MSMEs) are integrated with the online transaction system using QRIS^[4].

Micro, Small and Medium Enterprises (MSMEs) performance is seen from the turnover obtained. In general, Micro, Small and Medium Enterprises (MSMEs) have difficulty solving problems with cash flow operational and current business strategy change issues. The digital literacy of Culinary Micro, Small and Medium Enterprises (MSMEs) in Padang is still low^[5]. Likewise,

financial technology is still low^[6]. The research problem was how digital literacy and business strategy partially and simultaneously influence the performance of culinary Micro, Small and Medium Enterprises (MSMEs) in Padang partially and simultaneously. The research objective was to determine the effect of digital literacy and business strategy on the performance of Culinary Micro, Small and Medium Enterprises (MSMEs) in Padang partially and simultaneously.

Micro, Small and Medium Enterprises (MSMEs) aim to grow and develop businesses in building a national economy based on a just economic democracy and creating jobs, equal income distribution, economic growth and poverty alleviation.^[7] Culinary businesses are Micro, Small and Medium Enterprises (MSMEs) engaged in the culinary field, such as selling food and raw materials for making food^[7]. Micro, Small and Medium Enterprises (MSMEs) criteria can be seen in terms of business criteria, assets and turnover^[8]. Digital literacy explains concepts in the digital era. The idea of digital literacy is an important foundation for understanding the technology, information and technology devices. Digital literacy is using technology and information from digital devices effectively and efficiently in various contexts^[9]. Product marketing using digital technology can reach consumers directly and reduce promotion costs^[10]. A strategy is a tool for achieving competitive advantage as well as potential actions, it requires top management decisions and large amounts of company resources^[11], and strategy affects the prosperity of the company in the long run^[12]. There are 3 generic competitive strategies to achieve competitive advantage: differentiation, low cost leadership and focus, and five competitive forces that determine industry strength, namely potential new players, suppliers, buyers, substitutes and competitors in the industry ^[13]. The competitive strategy impacts financial performance with a low-cost orientation^[14]. The hypothesis is a temporary answer to the research problem^[15]. The research hypotheses were as follows:

H₁: It was suspected that digital literacy affected the performance of Micro, Small and Medium Enterprises (MSMEs) in the culinary industry in Padang.

H₂: It was suspected that business strategy affected the performance of Micro, Small and Medium Enterprises (MSMEs) in the culinary industry in Padang.

H₃: It was suspected that digital literacy and business strategy affect the performance of Micro and Small Enterprises (MSMEs) in the culinary industry in Padang.

II. RESEARCH METHODS

This type of research was classified as associative, which aimed to provide a clear picture of the research problem with a quantitative approach^[15] proving or developing^[15]. Research data were sourced from field and library research ^[15]. The study population was 361 Micro, Small and Medium Enterprises (MSMEs) of the Snack Food Industry (IMR) in the West Padang sub-district, and a sample of 193 was determined by purposive sampling by the Slovin formula^[15]. The data collection method used was a Likert scale questionnaire^[15]. Data analysis used multiple linear regression^[15], first carrying out the instrument test and the classical assumption test following the applicable provisions in the statistical test tool^[15]

III. RESULTS AND DISCUSSION

3.1. Results of Testing Instruments and Classical Assumptions

The summary of the instrument test and the classical assumption test as a first step in multiple linear regression analysis results were as follows in table 1:

Table 1. Instrument Test Results and Classical Assumptions Test

Variable	Instrument Test		Classic assumption test		
	validity	Reliability	Normality	Multicollinearity	Heteroscedasticity
Y	>0.30	Cronbach's alpha > 0.60	Asym.Say (2-tailed) > 0.05	Tolerance > 0.10 and VIF < 10	Say > 0.05
X ₁	>0.30	Cronbach's alpha > 0.60	Asym.Say (2-tailed) > 0.05	Tolerance > 0.10 and VIF < 10	Say > 0.05
X ₂	>0.30	Cronbach's alpha > 0.60	Asym.Say (2-tailed) > 0.05	Tolerance > 0.10 and VIF < 10	Say > 0.05

Source: Primary Data Processed, 2023

According to table 1 above, all variable research indicator items met all instrument tests, such as validity and reliability. In addition, it passed all classical assumption tests, such as normality, multicollinearity and heteroscedasticity tests. All item indicators of research variables have a validity test value of > 0.30 and a reliability test value of Cronbach alpha > 0.60 . Also, all research indicators have normality test values asym; Sig (2-tailed) > 0.05 ; the multicollinearity test value is tolerance > 0.10 and VIF < 10 ; the heteroscedasticity test value is sig > 0.05 . So it can be concluded that all indicators of research variables are appropriate to be used as research measurement tools following the applicable provisions in statistical test tools.

3.2. Results of Multiple Linear Regression Analysis

Summary of multiple linear regression data analysis as shown in table 2 below:

Table 2. Multiple Linear Regression Analysis

Linear regression equation double $Y = 0.401 + 0.492X_1 + 0.247X_2 + \text{and}$	
t count	(0.487) (2.332) (0.217)
Sig.	(0.363) (0.000) (0.000)
F count	(42551)
Sig.	(0.000)
R	0.8985
R ²	0.8073
Adjusted R ²	0.7787

Source: Primary Data Processed, 2023

According to table 2 above, the multiple linear regression equations $Y = 0.401 + 0.492X_1 + 0.247X_2 + e$ with the following interpretation:

$a = 0.401$ meant that if there was no digital literacy and business strategy, Micro, Small and Medium Enterprises (MSMEs) performance in Culinary Industry in Padang amounted to 0.401.

$b_1 = 0.492$ meant that if digital literacy increased by 1 unit, then Micro, Small and Medium Enterprises (MSMEs) performance in Culinary Industry in Padang amounted to 0,492 assuming a business strategy.

$b_2 = 0.247$ meant that if the business strategy increased by 1 unit, then the Micro, Small and Medium Enterprises (MSMEs) performance in Culinary Industry in Padang was 0.247 assuming digital literacy.

Furthermore, digital literacy was more dominant than the influence of business strategy on the performance of Culinary Micro, Small and Medium Enterprises (MSMEs) in the city of Padang.

Digital literacy and business strategy significantly positively affected Micro, Small and Medium Enterprises (MSMEs) performance in Culinary Industry in Padang partially and simultaneously at the significance level of 0.05. The correlation of digital literacy and business strategy with Culinary Micro, Small and Medium Enterprises (MSMEs) performance in Padang, with a value of $R = 0.8985$, was relatively strong. The influence of digital literacy and business strategy on Culinary Micro, Small and Medium Enterprises (MSMEs) performance in Padang was with an $R \text{ value}^2 = 0.8073$. The remaining 0.1927 was influenced by other factors not included in the research model. The performance of culinary Micro, Small and Medium Enterprises (MSMEs) in Padang was explained by digital literacy and business strategy with an Adjusted $R \text{ value}^2 = 0.7787$. The remaining 0.2213 was explained by other factors not included in the research model.

IV. CONCLUSION

Based on the results of the research, the following conclusions can be derived:

1. Digital literacy has a significant positive effect on the performance of culinary Micro, Small and Medium Enterprises (MSMEs) in Padang partially.
2. Business strategy has a significant positive effect partially on the performance of Culinary Micro, Small and Medium Enterprises (MSMEs) in Padang.

3. Digital literacy and business strategy significantly positively affect the performance of culinary Micro, Small and Medium Enterprises (MSMEs) in Padang simultaneously.

A Confession

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Conflict of Interest

Our research team declares that there is no conflict of interest related to the results of this study.

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