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DIGITAL COMPETENCIES AND EXPERIENCE IN PARTNERSHIP PROGRAM ON SMEs PERFORMANCE

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Abstract: Small medium enterprises need to improve their digital competencies but the lack of awareness of digital services and outcomes is a concern in business environments is one of the business units that help the country a lot in reducing the unemployment rate. The main objective of this study is to determine the direct and indirect effects of experience, digital competencies, partnership program on the SMEs performance. The approach in this research is causal research (cause and effect). The population in this study is the SME business actor who are fostered. While the sampling technique used a purposive sampling where sample used in this study is 241 SMEs business actors who are participating in the partnership program. Data collection techniques used a questionnaire with an ordinal measurement scale. Data analysis used Smart PLS 4 based Partial Least Square. Based on the results of the direct effect analysis, it shows that Digital Competence has a significant effect on the Partnership Program and SMEs Performance; Experience has a significant effect on Digital Competence, Partnership Programs, and SMEs Performance; and the Partnership Program has a significant effect on SMEs Performance. Meanwhile, the results of the indirect effect analysis show that Digital Competence has no significant effect on performance (only direct influence); Experience has a significant influence on the Partnership Program and SMEs Performance.

Keywords: Digital Competencies; Partnership Program; SMEs Performance; PLS.

INTRODUCTION

SMEs are the key sources for entrepreneurial ideas (Suh & Kim, 2014). A large body of literature has documented the importance of small and medium-sized firms (SMEs) in the economic development of most countries throughout the world over the last two decades or more (Kraja & Osmani, 2015).

SMEs have an extraordinary influence on the economy of a country, both developed and developing countries. It is certain that micro, small and medium enterprises (SMEs) play an important role in supporting the economy in a better direction (Ochinanwata et al., 2021). SMEs are the largest contributor to the formation or growth of the gross domestic population (GDP) and contribute the most to employment than large businesses, this shows the importance of SMEs for the country's economy (Franco & Haase, 2020).

SMEs are also inextricably related to the economic well-being of their owners (Tehseen et al., 2019). By focusing on entrepreneurs as owner-managers (Beckman et al., 2012); (Ghobakhloo & Tang, 2013), the results provide a wealth of evidence about the context of digital entrepreneurship (Ngoasong, 2018).

SMEs need to improve their digital competencies (Hamburg, 2020); (Oberländer et al., 2020) but the lack of awareness of digital services and outcomes is a concern in business environments (Horváth & Szabó, 2019); (Lehner & Sundby, 2018); (Srivastava & Shainesh, 2015).

Small and medium firms risk their competitiveness, growth, and profitability if they fail to embrace digital transformation (Ulas, 2019); (Li et al., 2018), often renouncing digital initiatives because they are unaware of how to incorporate them into their operations (Lehner & Sundby, 2018); Reis 2018]. The main reason why small and medium firms experience a digital divide is not the lack of access to digital technology but rather the firm's lack of relevant knowledge and education (Horváth & Szabó, 2019); (Lehner & Sundby, 2018); Reis 2018]. Since digital competencies and transformation are perceived as crucial lifelong learning and development challenges [Hamburg, 2020; (Oberländer et al., 2020), universities and research centres should support firms in developing their competencies toward digital skills and transformation (Azevedo & Almeida, 2021), as e-learners that require digital knowledge are proactive learners and tend to make good use of what they learn (Azevedo & Almeida, 2021).

SMEs performance is the result or evaluation of company work achieved by both individuals and groups obtained based on their roles and responsibilities towards tasks that have been given and determined by the company in a certain period of time (Mutegi et al., 2015). However, so far the performance of SMEs has not been able to achieve maximum results, especially in the failed assisted SMEs.

Management of SMEs should not be carried out carelessly and without good management due to the strategic role of SMEs and the limited ability of SMEs to be able to grow (Hendratmoko, 2021). This partnership pattern is one of the solutions for improving the performance of SMEs

(Wulandari & Nadapdap, 2020).

Partnership between the government and business actors is a form of cooperation between the government and the business sector, which allows them to share resources, risks and mutual benefits aimed at changing existing environmental practices with innovation findings (Lin, 2016). It is necessary to examine the role of the partnership program on digital entrepreneurship

MATERIALS AND METHODS

This study uses an associative approach, namely research that seeks to establish a relationship between two or more variables. With this research, a theory can be developed that can explain, predict, and control a phenomenon or event.

The data used is quantitative data collected through survey methods. This study will take respondents from a population and will collect main data through questionnaires and direct interviews with respondents.

The population according to (Lubis, 2021) are all research objects that have certain traits and characteristics determined by a researcher as a data source and then draw conclusions based on the data collected. The population in this study are SMEs assisted at PT. Perkebunan Nusantara III with a total of 241 SMEs business actors.

According to (Lubis, 2021) means that the sample is part of the population that can represent the population, selecting the sample according to a certain procedure or method. One type of sampling technique is purposive random sampling. Purposive random sampling is a sampling technique with consideration of certain criteria and the process of selecting respondents is carried out randomly (Sugiyono, 2016). The reason for using this purposive sampling technique is because it wants to focus on UKM players who are smooth in making payments. Therefore the sample used in this study is 241 SMEs business actors who are smooth in making installment payments.

It is very important to determine the right data collection technique, this is because it can determine whether a study is good or bad. Data collection is an effort made to obtain real and accountable information or information and truth. In conducting this research using several methods, namely:
1. Observation

Observation is an activity to provide observation or attention to the research object by utilizing the five senses. This observation is also known as observation. In this study, observations were made by looking directly at the conditions in the field, especially the partners in the partnership program from PT. Nusantara Plantation III.
2. Questionnaire / Questionnaire

The questionnaire is one of the media used to obtain some news that is known by the informants. This questionnaire can be in the form of written questions.

There are two sources of data needed in this study, namely primary data which is also called primary data and secondary data which is also called secondary data. Primary data or primary data derived from questions or Questioners addressed to the partnership of PT. Nusantara Plantation III.

Secondary data obtained through PT. Perkebunan Nusantara III is a list of partners participating in the partnership program

The combination of regression with path analysis was chosen in an effort to test the hypothesis about the direct or indirect relationship between the complexity of the existing variables so that it can use the Partial Least Square analysis method. PLS can describe all the relationships of the dependent and independent variables in one analysis.

PLS is a program that can be used to analyze existing data with the SMART PLS 4 program. All relationships that occur can be described in the model through theory. The influence of Digital Competence and Experience on the Partnership Program and its relationship with SMEs Performance can be well analyzed with this program.

Several advantages of PLS according to Hair et al. (2014) include: (1) being able to operate complex models, a large number of dependent and independent variables is not a problem; (2) being able to process data that has multicollinearity among independent variables; (3) able to process even if there is missing data or abnormal data, the results are still solid and good; (4) on data that has reflective and formative constructs can be applied; (5) data that is classified as a small sample and data that does not have to be normally distributed can also be operated. (6) different scaled data types such as nominal, ordinal and continuous data can also be used.

Digital competence in this study is measured by networking, social media, web design, communication, business applications, inventory management, e-commerce, team and time management, project management.

Experience in this study is measured by length of work, knowledge, dexterity, mastery of equipment, mastery of a job, calmness of work.

The partnership program in this study is measured by business development, mutually beneficial business and management relationships, trust, cooperation, participation of business actors, and the role of partners.

The performance of SMEs in this study was measured by increasing sales volume, increasing the number of customers, increasing profits, smooth repayments, branding image, customer satisfaction.

RESULTS AND DISCUSSION

In the process of evaluating the manifest variable (indicator) measurement model, it is necessary to measure latent variables (constructs) correctly. By evaluating the level of validity of the manifest variable through the value of the loading factor (λ) if the value is greater than 0.7 then the manifest variable is declared valid, but if it is less than 0.7 then the latent variable is considered immeasurable and must be discarded.

All values that lead to the yellow box (loading factor value) have a value above 0.7, which means that all manifest variables are declared valid and ready to be used in the model

This study found reliable results because they met the requirements with AVE values and reliability > 0.5 and > 0.7. This also indicates that all the indicators used can be used to measure the construct.

To test whether there is a multicollinearity problem, look at the VIF Inner Model value. Hair (2014) said that a VIF value below 5 indicates no multicollinearity problem.

The process is continued with an evaluation through discriminant validity values. This is useful for validating that different constructs may not be highly correlated. Discriminant validity testing uses the Heterotrait-Monotrait Ratio (HTMT) and Fornell and Larcker (1981) methods where the cross loading value must be greater than 0.50 which means that it must have at least 50 percent variation from the indicators that can be explained.

Based on the data above, it is known that the final model is in accordance with the existing requirements so that the resulting manifest variable is said to meet the requirements.

In order to evaluate the structural model through observations on endogenous variables and estimated values of path parameter coefficients. If it is known that the R-square is 0.75 then the model is categorized as a strong model, but if it has 0.50 then it will be categorized as a medium model, and it is said to be a weak model if the R-square is 0.25.

All measurements are correct. Furthermore, an analysis of the relationship between variables can be carried out. Hypothesis testing can use a t-value below 1.645, a p-value below 0.05. Shown in Figure 1 and Table 1 is the result of PLS analysis.
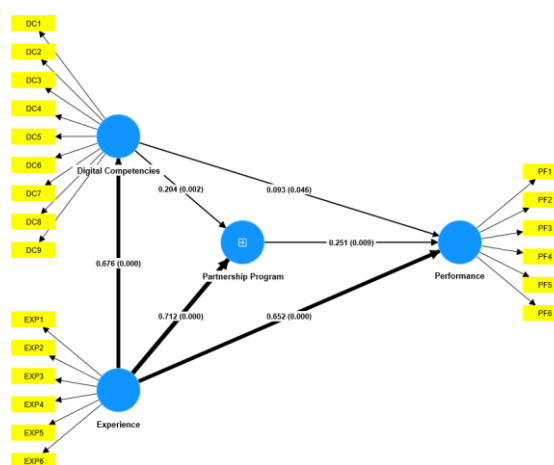

Figure 1. PLS Output

Table 1. Result

Variable	Std Beta	Std. Error	t-value	p-value	Decision
Direct Effect					
Digital Competencies -> Partnership Program	0.204	0.065	3.14	0.002	Accepted
Digital Competencies -> Performance	0.093	0.046	1.993	0.046	Accepted
Experience -> Digital Competencies	0.676	0.054	12.583	0.000	Accepted
Experience -> Partnership Program	0.712	0.061	11.67	0.000	Accepted
Experience -> Performance	0.652	0.119	5.497	0.000	Accepted
Partnership Program -> Performance	0.251	0.096	2.597	0.009	Accepted
Indirect Effect					
Digital Competencies -> Performance	0.051	0.03	1.729	0.084	Rejected
Experience -> Partnership Program	0.138	0.046	2.969	0.003	Accepted
Experience -> Performance	0.276	0.095	2.902	0.004	Accepted

Based on the results of the direct effect analysis, it shows that Digital Competence has a significant effect on the Partnership Program and SMEs Performance; Experience has a significant effect on Digital Competence, Partnership Programs, and SMEs Performance; and the Partnership Program has a significant effect on SMEs Performance. Meanwhile, the results of the indirect effect analysis show that Digital Competence has no significant effect on performance (only direct influence); Experience has a significant influence on the Partnership Program and SMEs Performance.

Digital Competencies

The results of the analysis show that the higher the digital competence, the more performance also increases. This is in line with Marguna's research (2020) with a study of the performance of librarians, stating that the higher the digital competence (e-Skills) of librarians, the more the performance of librarians at the Unhas Library UPT also increased.

Digital competence is part of entrepreneurial competence, the two cannot be separated. Drydakis (2022) states that indicators of digital competencies are networking, social media, customer relations management, communication, accounting-finance, managing inventory, team management, time management, project management. Meanwhile, (Aulia, 2020a), (Aulia, 2020b) states that entrepreneurial competence includes managerial abilities, conceptual abilities, social skills, decision-making abilities, and time management skills.

Based on the results of data analysis, digital competence has a significant effect on SMEs performance, the same is true of entrepreneurial competence which has a significant influence on SMEs performance (Aulia, 2018); (Hasanah et al., 2018); (Aulia et al., 2021).

Experience

Experience can be increased through mentoring and training programs, and the element of experience must be an aspect in determining which SMEs qualify for the partnership program.

Directly the experience of Human Resources has a significant influence on the partnership program. The results of this research are similar to previous research conducted by (Tambunan, 2019) which suggests that business experience has a significant influence on SMEs performance. Opinion from (Cowling et al., 2018) someone who has experience in doing business is the best predictor of success, especially if the new business is related to previous business experience (Iskandar & Safrianto, 2020). When managing a business, what must be needed is to increase the complexity of the environment using business experience obtained from a lot of learning related to what data is needed and used during the decision-making process.

Based on the results of data analysis, it shows that experience significantly influences the partnership program. This means that experience has a significant influence on the partnership program. It is understandable how much depends on the progress of an organization because the implications of the findings in this study are

that business experience will direct SMEs to continue to develop their business without having to focus on participating in mutually beneficial partnership programs for both SMEs and corporate partners. The following results are the same as research conducted by (Trisnawati et al., 2020) which states that the level of experience in entrepreneurship is able to increase the ability of SMEs in business development.

Furthermore, (Iskandar & Safrianto, 2020) research entitled the influence of entrepreneurial skills and business experience on entrepreneurial success states that experience can lead SMEs to avoid the risk of business failure. Then (Vasan, 2020) states that the experience of Human Resources has a significant influence on partnerships. The relevance of the findings in the following research is that so far the experience possessed by SMEs has only been limited to the results of hereditary experiences. The business that is run by SMEs is still based on suggestions and levels from the family. So that this successful or good experience cannot be separated from the family. The existence of a partnership program also does not have a major impact on the experience of SMEs in conducting business development. The existing partnerships are still considered to be activity programs that are considered not to play a big role in the progress of the SMEs business.

Partnership Program

The results of the analysis show that the partnership program directly has a significant effect on the performance of SMEs. The following research results are in line with the results of previous research

conducted Ghoniyah (2019) which stated that partnership programs play a major role in helping SMEs to progress and develop. Partnerships are able to improve the financial performance of SMEs to make them safer from competitive pressures. Furthermore, research Chinomona (2019) states that partnerships have a significant effect on SMEs performance. Then the results of research Baroncelli (2020) state that mutually beneficial collaboration can increase the competitiveness of SMEs. The partnership program is considered the most effective in increasing the SME class to become a business unit capable of competing with other business units.
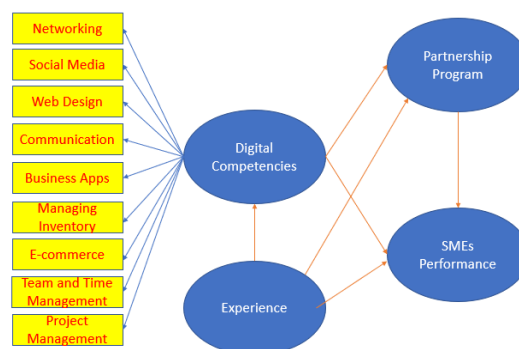

Figure 2. Digital Competencies in Partnership Program Model

Figure 2 describes the digital competency model in the partnership program to improve SME performance. There are several things that can be used as the focus of training in partnership programs, namely networking, social media, web design, communication, business applications, inventory management, e-commerce, team and time management, project management.

Implication

This research makes an important contribution to enrich our understanding

and research on Digital competence in program partnerships. First, this research is empirical validate the newly developed predictive model in digital content content. This study shows the importance of digital competence in program partnerships to improve SME performance. Second, this research provides a deeper understanding of how competence is digitally mediated by experience influencing program partnerships and SME performance. We suggest that the creation of the digital competence design part in the program partnership should be simple, useful and according to the needs and expectations of young people.

There needs to be further study on digital competencies, especially those related to behavior, as an He's (2019) research shown digital competence has the most significant effect on students' digital informal learning behavior.

CONCLUSIONS

Experience and digital competence can be used as a selection requirement to join the partnership program as well as a focus on competency development to improve performance.

Digital competencies that can be developed are networking, social media, web design, communication, business applications, inventory management, e-commerce, team and time management, project management.

The partnership program is urgently needed by SMEs as a medium for increasing digital competence. The existing partnership program has only been limited to providing capital and tools, there are no supporting facilities such as digital competency training for SMEs.

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