Proceedings Conference on Economics and Business Innovation
Volume 3, Issue 1, 2023

Digital Transformation, Work From Home On The Performance Of Culinary MSMES In Indonesia After The Pandemic

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Abstract

The purpose of this study is to find out how big the correlation is digital transformation, work from home, to the performance of MSMEs culinary in Indonesia after the COVID-19 pandemic online food ordering. In this study using quantitative methods by using descriptive methods. The number of samples used in this research paper is a total of 133 respondents from the performance of MSMEs. This research uses Smart PLS 3.0 software. such as the following: Digital Transformation has a positive and insignificant effect on MSME Performance. Work From Home has a positive and significant effect on MSME performance. Based on the test results

Keywords: digital transformation, work from home, MSME performance

Received: January **Accepted**: February, **Published**: March

INTRODUCTION

The increasingly widespread condition of the COVID-19 virus pandemic has resulted in many agencies implementing work from home (WFH) or working from home. The COVID-19 pandemic understands a global event that impacts all agencies in all parts of the world. The history of the spread of the pandemic has seen many changes that have implemented a work from home policy as a solution, in order to maintain the performance of the company's MSMEs to maintain the company's MSME performance (Faeni, 2022). The impact of the Covid-19 pandemic in the short term resulted in the majority of MSMEs facing logistical challenges and reduced demand, although the severity varied between companies and industries. In the long term, the impact of the Covid 19 pandemic will have different challenges and opportunities depending on the type of MSME (Setyoko & Kurniasih, 2022). The definition of work from home is a policy chosen as a strategy, namely a work from home policy that requires adequate remote communication devices, as a means of connecting all those involved in the company, especially when carrying out company goals (Faeni et al., 2022).

During the COVID-19 pandemic there were four problem points including: First, there was a decrease in turnover due to restrictions on the activities of Indonesian people. Second, constraints on funds resulting in decreased sales levels. Third, there are obstacles to the flow of goods distribution due to restrictions on the distribution of goods in certain areas. Fourth, MSMEs find it difficult to find raw materials because they expect stocks of raw materials for other business actors (Samsuri et al., 2021).

The Covid-19 pandemic has limited MSME activities. Advances in information technology are able to reduce limitations in business such as customer service processes, communication with customers and reduce waste in the production process. There are several recommendations for survival strategies that can be carried out by MSMEs to be able to maintain their business, namely first selling through e-commerce because many people are now switching to online shopping, second, marketing products using digital technology (digital marketing) to reach more consumers. Third, improve the quality and quality of products and types of services. Fourth, do customer relationship marketing to create consumer trust and grow customer loyalty (Nurcaya et al., 2022). Digital transformation is one of the ways to accelerate the response to the COVID-19 pandemic that has hit the world since the end of 2019. As a sector that has proven reliable in dealing with the MSME crisis, with encouragement to accelerate its digital transformation process due to limited distance restrictions in policies enforced during the pandemic (Muditomo & Wahyudi, 2021). The demands of the digital economy are driven by the Covid-19 pandemic that has hit Indonesia since the end of 2019. Covid-19 has affected all sectors of human life, including the economic sector run by Micro, Small and Medium Enterprises (MSMEs) (Kurniawati et al., 2021).

Received: January **Accepted**: February, **Published**: March

THEORETICAL STUDIES
Digital Transformation

Business transformation includes more change than the use of new digital tools and the aim of the transformation is likely to survive and then thrive (Li et al., 2022) . The ongoing digital transformation requires significant investment and innovation to provide cybersecurity and the critical infrastructure and critical services that digital infrastructure increasingly relies on, and to increase the resilience of organizations, communities, industries, countries, and alliances in the face of malicious uses of cyberspace. (Tagarev, 2019). Digital transformation has attracted people from all walks of life in various domains, one of which is marketing, business, management, IT and IS. The growth of "information and communication technology (ICT)" thereby influencing it. The changes that have occurred have resulted in the creation of a new business environment which is known as the “digital business ecosystem”. Changes that occur in the business ecosystem affect strategic decisions made in relation to the external and internal environment (Rahimi et al., 2022). Digital leadership to manage internal roles to demonstrate compliance to achieve friendly environment targets (He & Su, 2022).

The term transformation refers to changes in an organization that significantly impact the organizational structure itself (Kawung et al., 2022). Digital technology plays a critical role in the future success of various industries, from business management to customer experience, but most executive teams must overcome employee resistance to digital transformation (Rupeika-apoga et al., 2022). The growing importance of digital transformation has led to the development of different scales with digitization. There are also studies that measure the effects of digitalization on finances, leadership, employees, and business models in addition to measuring perceptions of the use of new technologies (Merdin et al., 2022). The role of digital transformation is very important for MSMEs. MSMEs identified that the factors that can influence the digital transformation of MSMEs are divided into two, namely internal and external factors. Internal factors consist of capabilities fit, resource fit, and changes in the business model. While external factors consist of external capabilities and resources fit, governmental regulation, and industry related factors (Tarutė et al., 2018). MSMEs need to carry out digital transformation to be able to adapt to customer expectations and developments in information technology (Kenanga et al., 2022). Digital transformation doesn't necessarily involve radical business models, new product categories, or responses to competing technologies; it can take many forms. In the context of the companies in the sample, until the market stabilizes, it is too early to claim that digital transformation pioneers have achieved first mover gains or losses (Sudiardhita et al., 2018).

Digital transformation requires teams with cross-functional direction and strong support. This is an important point because organizations usually don't change their internal structures as part of a digital transformation and the teams working on the transformation find their place in the existing structures. Where teams actually "rest", both physically and in the organizational chart, can affect their ability to impact the cross-functional groups that are integral

Received: January **Accepted**: February, **Published**: March

to real digital transformation. Many companies have limited digital progress by basing their teams on marketing or IT. Digital technology to increase efficiency or effectiveness in something that has been done by a company or institution (Barry Libert et al., 2016). the supporting factors for digital transformation still have to be explored, especially on a regional development scale which is a significant gap (Alam et al., 2022). The acceleration of digital transformation is the right moment for the government to influence various sectors of the economy and industry, including, but not limited to, financial services, retail, health, agriculture, manufacturing, education, tourism, media, culture and others (Kamel, 2021)

The type of digital transformation occurring across the supply chain (design and development, business-to-business (B2B), business-to-consumer (B2C) marketing, manufacturing, retail) in process and product innovation; and aspects of sustainability (cultural, social, economic, environmental) related to digital transformation (Casciani et al., 2022).

The digitization strategy is important to ensure a long-term return on investment from the short-term actions that have been taken to mitigate the impact of the crisis. Then a digital transformation strategy is needed to determine the necessary business model changes (Reuschl et al., 2022). Service/application categories (Schallmo & Williams, 2021), namely; 1). In digital data analysis, processing and collection to facilitate activities and improve decisions or predictions, it can be called digital data, 2). Combining the use of "classic artificial intelligence enabling autonomous work" technology and self-regulating systems. In order to reduce the error rate, increase the speed, and increase the reduction of operating costs. Is the notion of autonomy, 3). Digital customer access: the client can directly access the existence of the mobile internet, 4). The existence of cellular networks can provide large broad brand communications that can synchronize from the supply chain. The transformation phase means that inherent digital uses enable new types of innovation and creativity in specific domains, not only to enhance and support traditional methods, such as changes in marketing strategies, business models, operations, products, marketing approaches, goals, etc. (Tagarev, 2019).

Digital transformation can reduce service waste and costs by increasing effectiveness and maintaining quality. Two-party interventions in digital health can provide person-centred care on a global scale and include decision support systems that have the potential to improve service performance and quality. For the benefits of digital to be felt by all systems of society: the successful and sustainable implementation of digital innovations depends on their integration into a functional health ecosystem (Reuschl et al., 2022). The digital transformation and restructuring of MSMEs is very important to support economic growth and expand globalization, but it is also important to set strategic perceptions into the application of modern tools (Telukdarie et al., 2022). The use of technology in SMEs is very complex along with its development. These complex changes make it difficult for small-scale entrepreneurs, especially those with rural backgrounds, who are less exposed to more sophisticated and modern technologies to learn about them in a short time (Hasbolah, 2021). At the stage of implementing digital transformation,

Received: January **Accepted**: February, **Published**: March

this activity is carried out, namely: 1. Promotion using Digital Media Promotion is one of the things that businesses need to do, 2. Creating a Blog To establish interaction between consumers and our products, creating a blog is the right step for done, 3. Opening an online shop To maintain products in the current digitalization era, opening an online shop is very necessary, 4. Cashless adaptation when purchasing offline is still not 100% accepted by consumers because many consumers have cash and rarely use cashless. The solution taken is to provide consumers with an understanding of the ease of paying cashless which can be accessed by all e-wallets and m-Banking (Watini et al., 2022).

The process of digital transformation is inherently uncertain: changes need to be made temporarily and then adapted; decisions need to be made quickly; and groups from across the organization need to get involved (Tabrizi et al.,2019) . Digital technology in every way has the potential to grow above all kinds of traditional media channels and marketing communications, in the process of ensuring the marketing mix (Arobo, 2022). To help facilitate electronic payments and encourage MSMEs to go digital, Bank Indonesia issued QRIS (Indonesian Payment System Blueprint, 2019). QRIS technology provides various advantages such as efficient, fast and recorded payment transactions. In addition, QRIS transactions are carried out safely because Bank Indonesia oversees these transactions (Sulistyaningsih & Hanggraeni, 2021). In addition, to support and improve the performance of MSMEs and the existence of MSMEs as one of the informal economic sectors that support the community's economy can continue to survive and develop in the rapid development of the digital era (Islami & Wahyuni, 2020).

Work From Home

In order to be able to implement effective work from home, working at home effectively can also be created by several MSMEs, comfortable and safe home conditions can be made at home, so as to create a home office (Perdiyanti & Faeni, 2021). The concept of work from home is that some work is carried out from their respective homes by MSMEs. Working from home can be called working remotely. Therefore, other workers do not need face-to-face contact with one another in an office environment (Perdiyanti & Faeni, 2021). Certain homework assignments may not require a computer; such as workers in call centers (Garrote Sanchez et al., 2021). The benefits brought by a home work environment, namely the ease of meeting personal needs and a calm and comfortable environment, can distract workers from their work in some cases (Milcheva & Xie, 2022). Understanding the productivity implications of hybrid models where WFH is not a binary outcome but is continuous (eg, WFH on certain days or hours of the week) could be an important area for future research (Garrote Sanchez et al., 2021).

Work from home is a strategy that can be used to prevent the spread of the epidemic. Business can also be run through work from home. Work from home is paid work done remotely, usually more from home (Björkdahl, 2020). Feasible and economical selection can be made from workers who are carried out from their respective homes. In this case it is aimed at facing the challenges of a revolution that is limitless and increasingly modern, namely working from

Received: January **Accepted**: February, **Published**: March

home or work from home (Faeni et al., 2021). The stages of work from home include evaluating work results, field processes, and planning. While there are five concepts of implementing work from home, namely complying with government regulations, using online media applications, work balance, having professionalism at work, and creating good family relationships. remote work and telecommuting have subtle differences in meaning, suggesting two somewhat different approaches to the concept of working from home. Remote work, another type of work from home, seems to be synonymous with telecommuting. Not only are searches using remote work more frequent, the availability of information sources that mention remote work is also more numerous. There were 17.2 million pages with the term remote work compared to 13.9 million web pages with the term telecommuting. By contrast, Google Scholar offers 51,000 articles on telecommuting and 13,700 on remote work. However, there is a slight difference between these two terms. While telecommuting means working outside of the office, usually from home, remote work implies that the employee lives outside the organization's head office or main office. These geographical differences may seem insignificant, but they actually demand changes in workforce management and engagement. Managers need to adopt different communication and management styles and put in additional effort to properly lead and ensure the required level of productivity of the remote workforce. Different employment laws, financial obligations, cultural backgrounds, time zones, scheduling and expectations are just a few of the differences between remote work and telecommuting. Often, remote workers are freelancers and independent contractors who spend their time outside of traditional office settings (Savić, 2020).

MSME Performance

Businesses have many possibilities for defining performance; the most common way is to define performance using certain indicators (Hati et al., 2021). employee is a process until work is done to achieve tasks in accordance with MSME goals (Mashudi, 2021). Job performance or actual performance is a work achievement or actual achievement achieved by a person. Performance is a work result in quality and quantity that is achieved by an employee in carrying out the responsibilities that have been given (Winarto, 2020). Business performance: To validate its function, to evaluate measures (service, development, financial, commercial, or other to compare roles or to communicate its position or communicate progress internally and with its stakeholders, to confirm performance management, cost and governance objectives, emphasis on expenses, and others (Alabsy, 2021). Business performance is the output or result of carrying out all activities related to business activities, indicators of business performance are sales growth and profitability (Yacob et al., 2021) .

Based on data from the Ministry of Cooperatives and Small and Medium Enterprises for 2018, Indonesia has 64.19 million MSMEs, with a workforce absorption of 117 million workers (or 97% of employment) (Kilay & Simamora, 2022) . The definition of MSMEs is based on three different

Received: January **Accepted**: February, **Published**: March

measurement tools in each country. MSMEs (Micro, Small and Medium Enterprises) are trading businesses managed by individuals which refer to productive economic businesses with criteria stipulated in the Law (Nusa, 2021). In developing countries, MSMEs rarely use what are considered basic business practices in industrialized countries. The majority do not have basic written accounts, and most are in competition with other local household businesses (Rand & Tarp, 2020). Usually training will or personal direction for Small and Medium Enterprises so that human resources can improve work performance and increase knowledge as needed by Small and Medium Enterprises to innovate and achieve goals. Improving quality and skills through training is expected to have a positive impact on human resource performance and can achieve MSME goals (Kusuma, 2018). Performance in an organization is an inseparable element in carrying out tasks (Jumawan, 2019). 3 Facts that need to support the performance of MSMEs, namely through government assistance, external funding, or even management and reform training (Syariati, 2022).

According to Hati et al. (2021), task performance, citizenship performance, counter-productive performance the problems of MSMEs in the culinary sector are the 3 main components of performance. There are three problems of MSMEs in the culinary sector, namely (1) SMEs business development has not been fully carried out with an updated system of management. They still use their own unique characteristics, but unfortunately they have not used the power of technology, especially in marketing activities to increase the effectiveness of resources in all units. Of course this results in not optimal performance of culinary SMEs. (2) The entrepreneurial abilities and skills of culinary MSMEs including their human resources are not fully in accordance with the expected standards so that these conditions can directly and indirectly affect the performance of business innovation. (3) Culinary MSMEs do not fully focus on benchmarking strategies in achieving goals and have advantages in efficiency of time, effort and resource allocation, so that they are not in line with developments in innovation performance (Darmo et al., 2021). (2)There are also other human resources that have not been explored optimally, namely the abilities and skills of culinary MSME entrepreneurs. These two items are of course very influential in optimizing the optimal level of performance for MSME entrepreneurs. (3) In achieving goals and have advantages in efficiency of time, effort and resource allocation, Culinary MSMEs do not fully focus on benchmarking strategies, so that they are not in line with developments in innovation performance (Darmo et al., 2021).

Micro, Small and Medium Enterprises are known from statistical data presented by sources (For example, National Sampling Survey, Economic Census conducted by Central Bureau of Statistics, All India Census conducted by Micro, Small and Medium Enterprises, Entrepreneurs Memorandum, MSME Databank) (Nandeeswaraiah et al., 2019) . Decision makers will also be enlightened about the various uses of MSME measures, perceptions of the effectiveness of the performance measures used and the factors that hinder MSMEs from using these measures (Info & On, 2016). Policy makers must make policies taking into account the direction and consider how these policies can be effective. To make policies intelligently, companies need to observe

Received: January **Accepted**: February, **Published**: March

differences in the performance of MSMEs to see the benefits of training, to decide on the right policies to implement, for MSMEs (Arobo, 2022).

RESEARCH METHODS

Research Variable

The purpose of this study is to find out how big the correlation is digital transformation, work from home, to the performance of MSMEs culinary in Indonesia after the COVID-19 pandemic online food ordering. In this study using quantitative methods by using descriptive methods

Exogenous Variables

This variable is acting as a predictor, stimulus, and what happened before. The independent variable is something that occurs when something changes in the endogenous (bound) variable. In the study, there were three exogenous variables including digital transformation, work from home.

Endogenous Variables

Endogenous variables are referred to as variables that will change at certain factors, criteria, according to what has been treated. Can be interpreted as the dependent variable. The dependent variable is the variable that is the cause because of the independent variables. In the research the dependent variable is the performance of MSMEs.

Operational Variables

Operational, namely a design that has intangible properties to make it easier to measure a sample of a variable.

Variable	Dimensions	Indicator	Instrument	Scale
Exogenous Variable (X)	*Digital* Transformation (X1)	1. *Digital* Transformation	1. Information technology provides additional knowledge MSME performance (X1, P1)	Likert 1-5 Ordinal
		2. Ease of use of Digital Transformation	1. Information technology provides additional knowledge about MSME Performance (X1, P2) 2. Digital Transformation makes it easier for individuals & groups to work MSME performance (X1, P3) 3. work from home using Google Drive for data storage is very helpful for every MSME performance (X1, P4)	Likert 1-5 Ordinal
		3. Planning and Supervision	1. Planning and control of work connected through an efficient system (X1, P5) 2. Monitoring the work of MSME systems that are integrated in each MSME performance (X1, P6)	Likert 1-5 Ordinal
Exogenous Variable (X)	Work From Home (X2)	1. Work anywhere	1. The implementation of *work from home* for all MSMEs has free time to do other work. (X2, P1)	Likert 1-5 Ordinal

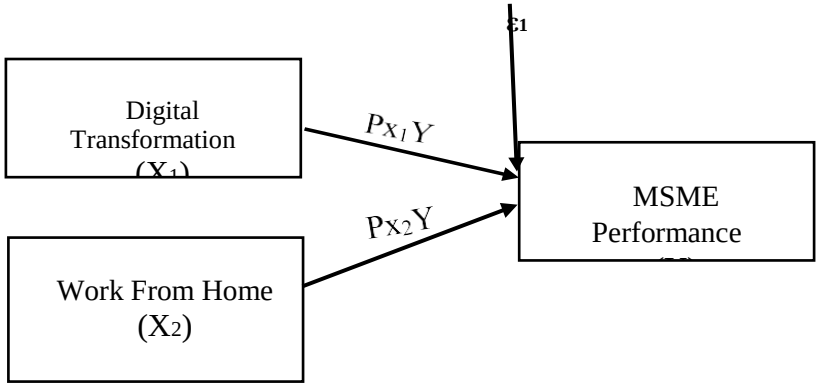
Received: January **Accepted**: February, **Published**: March

		2. Efficient	1. *Work from home* increases the efficiency of MSME performance (X2, P2) 2. I have never put off work while *working from home* (X2, P3) 3. Targets and task demands are too high so that it burdens the performance of MSME employees when *working from home* (X2, P5) 4. *Work from home* makes every MSME Performance do not need to pay for travel expenses (X2, P6) *5.* Activities that "every MSMEs performance wants to do at home cannot be done because of the demands of my work while *working from home"* (X2, P7)	Likert 1-5 Ordinal
		3. Family	1. *Work from home* makes us close to family (X2, P8) 2. Every MSME Performance has "pressure on work which makes it difficult to fulfill family tasks while *working from home"* (X2, P9) 3. Break time for each MSME MSME Performance is used for resting (X2, P10) 4. Work obligations for every MSME performance carried out in the workplace cannot be carried out properly because of demands from the community when *working from home* (X2, P11) *5.* The tight time needed for work for each MSME's performance makes it difficult to fulfill family responsibilities when *working from home* (X2, P12)	Likert 1-5 Ordinal
Endogenous Variable(Y)	MSME Performance (Y)	1. Work quality	1. MSME quality standards are in accordance with community expectations. (Y, P1)	Likert 1-5 Ordinal
		2. Productivity	1. The level of accuracy in each MSME in accordance with the conditions requested by the community on *work from home* will motivate (Y, P2)	Likert 1-5 Ordinal
		3. Discipline	1. The application of *work from home,* MSMES is able to follow the rules in the institution. (Y, P3) 2. The application of digital transformation is the completion of MSME Performance tasks precisely and quickly according to the specified time (Y, P4)	Likert 1-5 Ordinal
		4. Efficiency	1. The level of accuracy in each MSMES in accordance with the provisions of the rules on *work from home* will motivate visiting MSMES (Y, P5) 2. community expectations (Y, P6)	Likert 1-5 Ordinal

Received: January **Accepted**: February, **Published**: March

		5. Supervision	1. Monitoring of the MSMES environment affects the people who will buy at these MSMES. (Y,P7)	Likert 1-5 Ordinal

Conceptual Method



Hypothesis

- H1: Digital Transformation provides a significant positive correlation to the performance of MSMEs after the COVID-19 pandemic in MSMEs.
- H2: Work From Home provides a significant positive correlation to the performance of MSMEs. after the COVID-19 pandemic in MSMEs.

Population and Sample

In this study, the population was Indonesia residents, with a total sample of 133 Indonesia residents.

Determining the number of samples in this study uses the following formula:

$$n = \frac{N}{1 + N(e)^2}$$

Note:
N : Sample's number
N : Population's number
e :
error
form number 200 population the number of samples (n) are:

$$n = \frac{200}{1 + 200\ (0.05)^2}$$

The number of samples in this study were 133 Indonesia community.

Data Collection

Received: January **Accepted**: February, **Published**: March

Data collection techniques can be categorized into two, including primary and secondary. In using this method can be from interviews, observations, questionnaires, and literature studies.

Goodness of Fit

Based on SEM analysis using values that can be obtained as a reference in testing the model as a whole (Sudiardhita et al., 2018). Aiming at measuring the value of the data obtained by matching the model. Model fit test was performed. Measurements in PLS can be summarized as shown in this table:

Table 2. Goodness of fit

Measurement Models	Criteria
SRMR	< 0.08 (Henseler, 2014)
NFIs	> 0.90 (Lohmöller, 1989)
rms Theta	< 0.12 (Lohmöller, 1989)

Source: Smart PLS Gozali book, 2015

Research Instrument Test

Testing is done on valid statements. The arrangement of validity and reliability can be seen from the quality of the data obtained. The criteria for determining whether a statement is valid or not and has an acceptable reliability value are based on the following criteria:

Table 3. Thumb Evaluation's Rule of the Model's Measurement (Outer Model)

validity	Parameter	Rule of Thumb
Convergent Validity	Loading Factor	● >0.70 for confirmatory research. ● > 0.60 for exploratory research.
	Communality	● >0.50 for confirmatory and exploratory research
	AVE (Average Variance Extracted)	● >0.50 for confirmatory and exploratory research
Discriminant Validity	Cross Loading	● > 0.70 for each variable.
	AVE Square Root and correlation between laten constructs	Square root AVE > correlation between latent constructs

Source: Chin, 1998; Hair *et al.*, 2011; Ghozali, 2015

Validity Test

The measurement scale is considered valid if some of the things that are measured and carried out are in accordance with the conditions requested. The results of the research will be useless if the results of the validity test are declared invalid, so you really have to do and measure things

Received: January **Accepted**: February, **Published**: March

that have to be done.

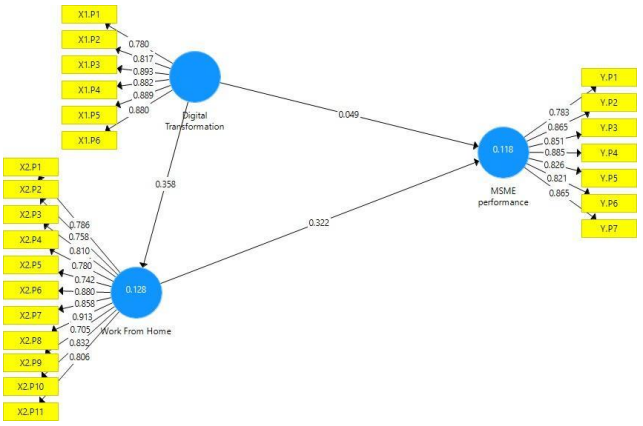
Reliability Test

The test of reliability is an instrument used in research to measure how much the same object will produce the same data (Saleh & Utomo, 2018) . The composition of validity and reliability can be seen from the quality of the data obtained. the criteria for determining whether a statement is valid or not and has an acceptable reliability value, are based on the Thumb's Rule criteria. Evaluation of the Measurement Model (Outer Model) in Table 3.4, namely cronbach's alpha above 0.7 and composite reliability above 0.5.

RESULTS AND DISCUSSION

OuterModel

Model measurement is that there is a relationship between the construct and the indicator. Convergent validity is a trait that is owned in the initial evaluation test.



Figuere 1. Outer model

Validity Test Results

The validity test is divided into two types: discriminant validity is measured from the value of the square root of AVE and cross loadings, Average Variance Extracted (AVE), while convergent validity can be measured from the value of the loading factor.

Table 4. Validity Test Results (Loading factor)

Declaration Number	Test result	Validity Description
Digital Transformation		
X1 .P1	0.780	Valid
X1 .P2	0.817	Valid
X1 .P3	0893	Valid
X1 .P4	0.882	Valid
X1 .P5	0.889	Valid
X1 .P6	0.880	Valid
Work From Home		
X2 .P1	0.786	Valid
X2 .P2	0.758	Valid

Received: January **Accepted**: February, **Published**: March

X2 .P3	0.810	Valid
X2 .P4	0.780	Valid
X2 .P5	0.742	Valid
X2 .P6	0.880	Valid
X2 .P7	0.858	Valid
X2 .P8	0913	Valid
X2 .P9	0.705	Valid
X2 .P10	0.832	Valid
X2 .P11	0.806	Valid
MSME performance		
Y, P1	0.783	Valid
Y, P2	0.865	Valid
Y, P3	0.851	Valid
Y, P4	0.885	Valid
Y, P5	0.826	Valid
Y, P6	0821	Valid
Y, P7	0.865	Valid

Henceforth, the value of discriminant validity will be tested based on the average variance extracted (AVE) value. The AVE value can be seen in table 4 of the AVE value, as follows:

Table 4. Value of *Average Variance Extracted* (AVE)

Variable/Construct	***Average Variance Extracted* (AVE) (>0.5)**
Digital Transformation (X 1)	0.736
Work From Home (X 2)	0.654
MSME Performance (Y)	0.711

In Table 4 it can be seen that the AVE value of each variable is above 0.5 so that it can be said to be valid in discriminant based on AVE.

Table 5. The result of Reliability of Each Variable.

Variable/Construct	**Test Results**		**Reliability Statement**
	Cronchbach's Alpha ()	***Composite Reliability ()***	
Digital Transformation (X1)	0.929	0.943	Reliable
Work From Home (X2)	0947	0.954	Reliable
MSMEs Performance (Y)	0.932	0.945	Reliable

Based on Table 5 it can be seen that the Cronbach's alpha value for each variable has a value of more than 0.7 and the composite reliability of each variable has a value of more than 0.5 so it can be concluded that all constructs in this study are reliable.

Inner Model

Aims in knowing the coefficient of determination, significant value, correlation between constructive in this study. The R-square can also be used

Received: January **Accepted**: February, **Published**: March

in evaluating structural models.

Figure 2. Figure *Inner Model*

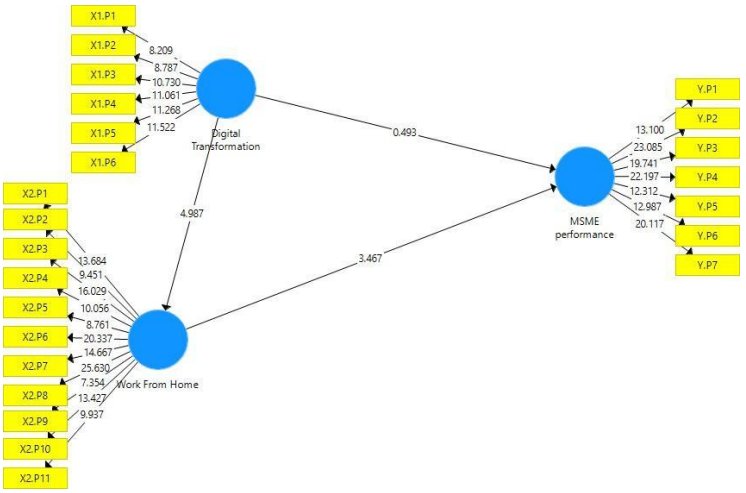
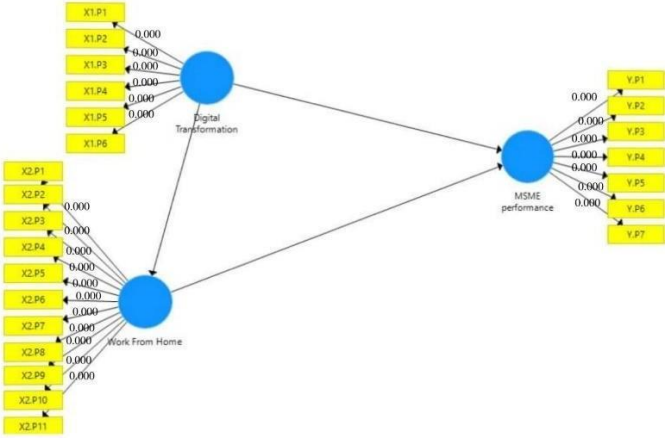


Table 6. Significance Test Results



Based on table 6 above, it shows that all T-statistic indicators have a value of more than 1.96, so in conclusion, all indicators of the Digital Transformation, Work From Home and MSMES Performance variables are significant.

Table 7. Test of Inner Model

Variable/Construct	*T-Statistics*	*P-Values*	Description of Significance
Digital Transformation > MSME Performance	0.493	0.622	Not significant
Digital Transformation > *Work From Home*	4,987	0.000	Significant
Work From Home > MSME performance	3,476	0.001	Significant

Hypothesis Testing

The hypothesis is the initial statement from the researcher when the researcher conducts research (Purwanza et al., 2022)

Received: January **Accepted**: February, **Published**: March

Table 8. Original Samples

Variable/Construct	Original Sample
Digital Transformation (X_1)	0.049
Work From Home (X_2)	0.358
MSME Performance (Y)	0.322

Based on the original sample table, it can be concluded that the variable values are positive and negative. *Digital* Transformation has no effect of 0.053 on Work From Home and MSME Performance has an effect of 0.318 on MSME Performance.

Table 9. Test the suitability of the model

C	Criteria	Test result	Information
SRMR	< 0.08 (Henseler et. al, 2014)	0.083	Fit models
NFIs	> 0.90 (Lohmöller, 1989)	0.678	Not Fit Models
rms Theta	< 0.12 (Lohmöller, 1989)	0.203	Not Fit Models

Based on the test results, the SRMR value is that the requested criteria have been met, therefore it means that based on Goodness of Fit it has compatibility and is consistent with some of the data collected. Meanwhile, RMS Theta and NFI did not meet the criteria requested, therefore, it means that based on Goodness of Fit it does not match and is consistent with the data collected.

Table 10. R Square and Adjusted R Square

***Endogenous* Variables**	**R Square**	**Adjusted R Square**
MSME performance	0.118	0.104
Work From Home	0.128	0.121

The R-square value can be concluded as the result of the R-square value of MSME Performance of 0.118 (11.8%) and the R-Square Work From Home value of 0.128. The R-square value can be interpreted as the ability of the R-Square to have a weak or not strong correlation in the digital transformation variable, work from home, on MSME performance.

CONCLUSION

Based on the discussion in the previous chapters, the results of data analysis and partial and simultaneous hypothesis testing can be concluded as follows:

1. Digital Transformation provides a positive and insignificant correlation to MSME Performance.
2. *Work From home* provides a positive and significant correlation to the performance of MSMEs.

Managerial Implications

Received: January **Accepted**: February, **Published**: March

1) *Digital* transformation has a positive *and* insignificant effect on the implementation of MSMEs . In other words, that digital transformation is increasing, that information technology is increasing and has no effect on MSMEs . factors that are input related to digital transformation on MSME performance, namely *work from home* using Google Drive for data storage is very helpful, increases in work and is carried out on a monitoring basis. on each job, job planning and supervision are linked through an efficient system. The performance of MSMEs is directly affected by the existence of *digital -based transformation* , the efficiency of supervision and planning.
2) Work from home on the performance of MSMEs, namely that it can increase work activities at home with work from home, will also increase the performance of MSMEs. Because every MSME performance has pressure on work which makes it difficult to fulfill family duties while working from home, the obligation to carry out work carried out at work cannot be carried out properly because of the demands of family or spouse while working from home, and activities that everyone wants The performance of MSMEs doing it at home cannot be done because of the demands of my work while working from home, and in implementing work from home not all parts implement work from home, only a few parts.

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Received: January **Accepted**: February, **Published**: March