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Determinants Strategic Factors for Digital Business Transformation in Micro and Small Business in Makassar

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M2	<i>The Indonesian government has plans to encourage micro and small businesses to use information and communication technology (ICT) in order to compete in the world market. This study surveyed 180 micro- and small-business owners in Makassar City using the Unified Theory of Acceptance and Use of Technology (UTAUT) model. The results showed that performance expectations and business expectations had no effect on the behavioral intentions of micro- and small-business owners, but social influence and the availability of facilities had a positive effect on the use of ICT in micro- and small-business in Makassar City. This study is new and different because it fills a gap in the research on digital transformation strategies, especially in Makassar City. Such studies are currently scarce, making our research a novel contribution in this field.</i>
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INTRODUCTION

The Indonesian government is investing in infrastructure development to support economic activity and improve the lives of people in both urban and rural areas. Technology infrastructure, in particular, has proven to be effective in addressing various challenges in the country, such as the COVID-19 pandemic that emerged in Indonesia in March 2020. To stop the virus from spreading, the government took a number of steps. These included large-scale social restrictions, restrictions on community activities, and emergency restrictions. People can avoid doing things that require them to be there in person by using the Internet to do things like teaching and learning, work, and business transactions online. As time goes on, society is becoming more accustomed to this way of living during the pandemic.

As people increasingly use technology, some activities can continue to function effectively through digitalization. Even though the number of COVID-19 cases has decreased, vaccines have been developed, and community activities have resumed, the use of digital technology has become integrated into daily life. Suryaningsih (2022) The pandemic has brought rapid changes to many aspects of life and has forced everyone to adapt, including through the use of digital technology devices. In the economic sphere, small businesses or SMEs, which are more agile and able to adapt to the environment by using digital technologies to reach customers, have replaced larger corporations.

According to the Indonesian Ministry of Cooperatives and Small and Medium Enterprises, micro enterprises (UM) and small enterprises (UK) are businesses with a net worth of at least IDR 200,000,000 (excluding land and buildings for business premises) and annual sales of a maximum of IDR 1,000,000,000. Medium enterprises (UM) are defined as Indonesian businesses with a net worth of more than IDR 200,000,000 to IDR 10,000,000,000, not including land and buildings. Micro, small, and medium enterprises are regulated under [Law No. 20 of 2008](#). According to data from the Ministry of Cooperatives and Small and Medium Enterprises (2022) there were 65.47 million micro, small, and medium enterprises (MSMEs) in Indonesia in 2019, an increase of 1.98% from the previous year's 64.19 million. This represents 99.99% of all Indonesian businesses.

It is important for micro and small businesses in Indonesia to adopt digital business because not only is the available technology infrastructure more extensive and affordable, but it also provides opportunities for business owners to reach more people who are far from their reach. According to the Special Staff of the Minister of Cooperatives and SMEs for Creative Economy Empowerment, Fiki Satari, currently only about 19% of SMEs, or around 12 million, have adopted digital technologies. This is an increase from the 13% (around 8 million) that had adopted digital technologies in 2020 (Humas Kementrian Koperasi dan UKM, 2021). From a marketing perspective, digital marketing can not only increase revenue for these businesses, but also make use of recommendation systems, also known as electronic word of mouth (eWoM), which can influence consumer purchasing decisions through algorithms that recommend products or services.

Research related to technology adoption in micro and small business owners in Makassar City that we have not found before from searching references both digitally and physically The COVID-19 pandemic also had an impact on the decline in Makassar City's original regional income (PAD) from IDR 1.30 trillion in 2019 to IDR 1.08 trillion in 2020. To respond to this, the Makassar City Government launched the Makassar Recover program, which has three (three) sub-programs, namely health immunity, social adaptation, and economic recovery. One of the derivatives of the

Economic Recovery program is the innovation of the Digitalization Payment System by several regional revenue management apparatuses. (Bank Indonesia, 2022) The Digitalization Payment System in Makassar Recover is a follow-up to the Local Government Transaction Electronification Program, which aims to increase the transparency of regional financial transactions, support regional financial governance, and integrate regional financial management systems. The expected results of this program are optimizing local revenues and supporting the development of digital-based payment transactions in the community, in line with Makassar City's vision: "Accelerate Realizing Makassar as a Sombere World City and Smart City with Strong Immunity for All". This research was conducted with the aim of finding out how factors from UTAUT can be utilized by the government to support micro and small businesses in adopting technology to support their businesses. So, it is hoped that this will be able to support national income from the micro- and small-business side.

According to a study by Rupeika-Apoga et al. (2022), The influence of digital transformation on a business's digital orientation has a positive and direct effect on its revenue, suggesting that small and medium-sized enterprises (SMEs) should consider adopting digital technologies in order to increase their revenue and achieve their goals. Digital orientation, which refers to a business's level of engagement with and use of digital technologies, also affects the complexity of its business model, as mediated through digital transformation (Ardito et al., 2021). SMEs can't get into the digital market, though, because they don't know how to use technology and don't have a stable digital ecosystem that helps them grow and stay competitive from the beginning to the end of their operations.

Currently, the most widely accepted theory for predicting the adoption of technological services is the Unified Theory of Acceptance and Use of Technology (UTAUT). According to Venkatesh et al., (2003), UTAUT can predict up to 70% of consumer behavior related to the use of information and communication technologies (ICT). The UTAUT theory is based on four key factors that influence a user's decision to adopt technology: performance expectancy (PE), effort expectancy (EE), social influence (SI), and facilitating conditions (FC). By understanding these factors, stakeholders can determine the best strategy for encouraging small and medium-sized enterprises (SMEs) to adopt digital marketing, which can increase their income, broaden their market opportunities, and make it easier for them to access financial services from banks and other financial institutions.

MSMEs, also known as micro, small, and medium enterprises, play a significant role in national development, particularly in terms of economic development. These businesses are critical to the national economy, as they make up a large portion of industries in various sectors, have the potential to create a lot of jobs, and contribute significantly to the gross domestic product (GDP). It is important for Indonesia, as a developing country, to focus on supporting MSMEs because they have a strong productive workforce, are capable of increasing productivity, and can thrive alongside larger businesses. According to [Law Number 20 of 2008](#) about Micro, Small, and Medium-sized Businesses (MSMEs), micro, small, and medium enterprises (MSMEs) are defined as follows: Micro enterprises are productive businesses owned by individuals or individual business entities that meet the criteria for micro enterprises specified in the law; Small enterprises are independent economic businesses carried out by individuals or business entities that are not subsidiaries; and Medium enterprises are independent economic enterprises carried out by individuals or business entities that are not subsidiaries.

There are four characteristics of micro, small, and medium enterprises (MSMEs) that have been identified by Sarfiah et al. (2019) as important for understanding the strategic positioning of MSMEs in Indonesia. These characteristics include: It is easier to start a small business than a large one due to factors such as financing; No additional academic training is required to fill positions in MSMEs; and Unlike large businesses, MSMEs can operate without the need for large urban infrastructure and are often located in rural areas. This sector's in Indonesia have shown resilience during economic downturns, such as the Covid-19 pandemic, which affected 1,785 cooperatives and 163,713 SMEs (Thaha, 2020). The sectors most affected by the pandemic were the food and beverage industry, the creative industry, and agriculture. The emergence of digital-based SMEs provided a solution to help the SME sector survive during the pandemic (Arianto, 2020). The government and the Ministry of Cooperatives and SMEs have continued to encourage digital transformation in response to the pandemic and its impact on the business ecosystem. Digital entrepreneurship, which is a business model that uses digital technology for both product and service marketing, has become increasingly important as a result of the pandemic.

UTAUT, According to Venkatesh et al. (2003), the Unified Theory of Acceptance and Use of Technology (UTAUT) is a theoretical model of technological acceptance that was developed from previous models, such as the Technology Acceptance Model (TAM) by Davis (1985). UTAUT has two main purposes: first, it helps to improve the understanding of the acceptance process by providing theoretical insights into the design and implementation of information systems, and second, it provides a theoretical basis for practical user acceptance testing, which allows system designers and implementers to evaluate new systems before implementation. The diffusion theory of innovation is a model developed by Rogers in 1961 that explains how new ideas and technologies spread and how quickly they do so. This theory differs from others, such as the theory of reasoned action (TRA) and the theory of planned behavior (TPB), which focus on individual motivational factors as predictors of behavior and posit that behavioral intentions are the best indicators of the emergence of behavior, which are influenced by attitudes and social norms. TPB adds the concept of perceived behavioral controls to TRA. In recent years, Fishbein and colleagues have proposed the use of integrated behavior models (IBM) that incorporate elements of other major behavioral theories in addition to TRA and TPB.

There are several theories that can be used to predict a person's behavior in adopting information technology systems. One such theory is the Unified Theory of Acceptance and Use of Technology (UTAUT), which was proposed by Venkatesh et al. in 2003. The UTAUT model is based on four fundamental variables - performance expectations (PE), effort expectations (PU), social influence (SI), and facilitation conditions (FC) - and four moderator variables - gender, age, experience, and voluntariness of use. Despite its limitations, the UTAUT model has gained popularity because it integrates eight main theories in the field and has been tested using a large set of real-world data. Other studies have focused on the relationship between technology adoption and influencing variables, and both the TAM and UTAUT models have been tested extensively in previous research. Even after the introduction of the UTAUT model, some studies have continued to use the TAM model for different technologies or have refined and validated existing models. In the current study, the UTAUT model is used because it takes into account both performance expectations and effort expectations, as well as additional constructs - facilitation conditions and social influence - which are not present in the traditional TAM model. The UTAUT model is also used because it considers both intention to use and actual use, and incorporates both individual and social factors in predicting the adoption of technology.

Alwahaishi & Snásel (2013) “Performance Expectancy refers to the perceived usefulness of using technology and influences a person's intention to continue using it”. In this study, performance expectations are measured based on the perceived benefits of implementing information and communication technology, such as saving time, money, and effort, improving communication with customers, and enhancing the quality of corporate services Al-Shafi & Weerakkody (2010). Effort Expectation represents the perceived level of effort required to use technology and affects user satisfaction. It is assessed based on the perceived utility of information and communication technology services, their ease of use, and the availability of support for using these services. Social Influence also plays a significant role in the intensity of technology use, as people tend to follow the recommendations or suggestions of others. In this case, social influence is characterized by the belief that if adopters of information and communication technology are influenced by positive messages from social networks, they are more likely to have a strong intention to adopt a system. Facilitating Conditions conducted by Al-Shafi & Weerakkody (2010) refer to the resources and knowledge that are available to explain the benefits of using technology and are considered to be greater than the monetary costs involved. These conditions are measured by the perception of being able to access the necessary resources and obtain the support and knowledge required to use information and communication technology services. They are also influenced by the perception of technology that aligns with the user's lifestyle.

The Unified Theory of Acceptance and Use of Technology (UTAUT) has been found to be effective in predicting the adoption of technology among small and medium-sized enterprise (SME) owners (Rozmi et al., 2019). A study conducted by Rozmi et al. (2019) in Malaysia found that three of the five factors in UTAUT - effort expectations, social influences, and facilitating conditions - had an impact on the intention of SME owners to adopt information and communication technology (ICT) in their businesses. Another study by Piarna and Fathurohman (2019) on the adoption of e-commerce in the city of Subang found that performance expectancy, effort expectancy, and social influence supported behavioral intentions, while facilitating conditions also affected use behavior. This study aims to measure the adoption of technology among micro, small, and medium enterprise owners in Makassar using the UTAUT model, which includes five factors: performance expectations, effort expectations, social influence, facilitating conditions, and behavioral intentions. The conceptual framework and hypotheses for this study are based on these factors.

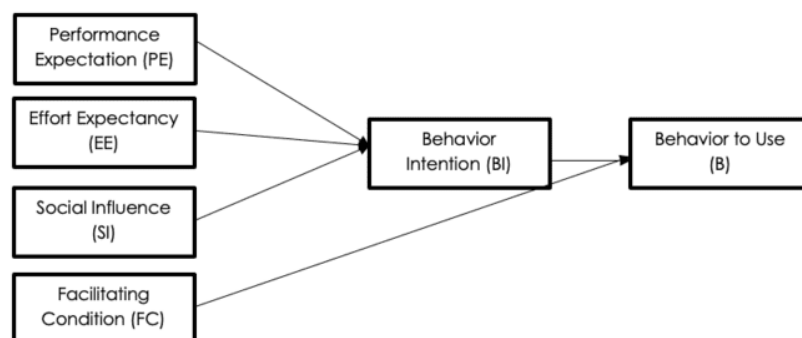


Figure 1 Research Framework

The following hypotheses are proposed in this study:

H1 : Performance Expectancy has an impact on the behavioral intentions of micro, small, and medium enterprise (MSME) owners in using information and communication technology (ICT);

H2 : Performance Expectancy indirectly affects behavior in using ICT through behavioral intention;
H3 : Effort Expectancy has an impact on the behavioral intentions of MSME owners in using ICT;
H4 : Effort Expectancy indirectly affects performance expectancy through behavioral intention;
H5 : Social Influence has an impact on the behavioral intentions of MSME owners in using ICT;
H6 : Social Influence indirectly affects behavior in using ICT through behavioral intention;
H7 : Facilitation Conditions have an impact on the use of ICT;
H8 : The behavioral intentions of MSME owners support their habits in using ICT.

METHODS

In this study, information was gathered with the help of a questionnaire that was made using indicators and variables from other models. The goal of the questionnaire is to measure the ideas of performance expectations, effort expectations, social influences, facilitating conditions, and behavior intentions. It has two parts: questions about the respondents' backgrounds and questions about the main topic of the research. There are a total of 22 questions, with 4 in the first section and 18 in the second. On a 5-point Likert scale, from strongly disagreeing to strongly agreeing, people answer the main questions. The research was done with micro- and small-business owners in Makassar City. These were people who owned coffee shops, food shops, home laundries, grocery stores, simple places to stay, and boarding houses. The study lasted for eight months, starting in March 2022.

Table 1 Variable Operamentals

	Measurement	Mean
1.	Performance Expectancy	
	○ (PE1)	3.78
	○ (PE2)	3.41
	○ (PE3)	3.59
2.	Effort Expectation	
	○ (EE2)	3.98
	○ (EE3)	3.41
3.	Social Influence	
	○ (SI1)	3.24
	○ (SI3)	3.47
4.	Facilitating Condition	
	○ (FC1)	3.71
	○ (FC2)	4.01
	○ (FC3)	3.94
5.	Behavior Intention	
	○ (BI1)	3.63
	○ (BI2)	3.52
	○ (BI3)	3.41
6.	Behavior to Use	
	○ (U1)	3.63
	○ (U2)	3.32
	○ (U3)	3.18

Source Table 1 Data Processed by Researchers (2023)

The study aims to survey micro, [small, and medium-sized enterprises \(SMEs\) in Makassar City](#), with a total population of 176,637 SMEs. The study uses the answers of experts who are thought

to be able to speak for the whole community in order to get a representative sample. Several experts' opinions are used to figure out the minimum sample size. Bentler and Chou (1987) say that the sample size should be at least five times the number of free variables in the model, Hoogland and Boomsma (1998) say it should be at least ten times the number of free variables in the model, and Ferdinand (2002) says it should be the lowest number of variables multiplied by five to ten. Based on these suggestions, the minimum number of people who should take part in this study was set at 180. The validity and trustworthiness of the questionnaire were checked, and any changes that were needed were made before the final version was made. The questionnaire's reliability was then further examined and discussed using SEM PLS software.

RESULT AND DISCUSSION

The data collected in the study are analyzed using a two-step technique (Anderson & Gerbing, 1988). The first step is to check the measurement model's reliability, convergent validity, and discriminant validity. The second step involves analyzing the structural model to determine the direction and strength of the relationships among the theoretical elements.

Construct validity

Zikmund et al. (2013) say that all measures of composite reliability (CR) and Cronbach's alpha (CA), which are the standard criteria for internal consistency, are above the recommended minimum level of 0.70 for internal consistency reliability. In addition to CR and CA, research statements that have a composite reliability value of more than 0.70 are thought to be reliable (Chin, 2010). For convergent validity, the indicator's standard value must be at least 0.708 of the threshold value, and each indicator's average variance extracted (AVE) value must be at least 0.5 (Hair et al., 2007). The results are shown in Table 2, where a reduction has been made to the CR value to less than 0.70 to present the test results in Figure 2.

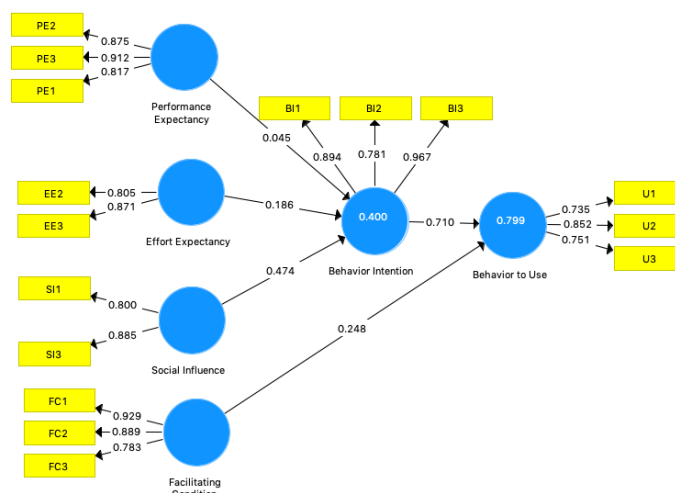


Figure 2 SEM PLS Results

On Figure 2, it can be seen that more than 81% of the variance in the three indicators of performance expectancy (PE1, PE2, and PE3) can be explained by the latent variable of performance expectancy. The latent variable of effort expectation can be explained by the

variance in the indicators of EE2 and EE3, which are both higher than 80%. The latent variable of social influence can explain more than 80% of the variance in the indicators S1 and SI3. Additionally, the latent variables of facilitating condition, behavioral intention, and behavior to use can explain more than 73% of the variance in their respective indicators. Overall, each latent variable has been able to explain the variance in the indicators that measure it by more than 70%.

Respondent characteristic

The demographic situation of respondents in this study can be seen in Table 1 below.

Table 2 Demographic Respondents

Items	Type	Frequency (n=180)	Percentage
Gender	Male	144	80%
	Female	36	20%
Age	≤ 29	19	10.5%
	30 – 39	77	42.7%
	40 – 49	75	41.6%
	≥ 50	9	5%
Periods Time	≤ 2 Years Old	45	25%
	2 – 3 Years Old	95	52.7
	≥ 3 Years Old	40	22.3%
Type of Applications	<i>Social Media</i>	112	62.2%
	Online Payment (<i>FinTech</i>)	38	21.1%
	Online Application (Grab, GoJek, etc)	135	75%
	Website	18	10%

Source Table 2 Data Processed by Researchers (2023)

Based on Table 1, it can be seen that the majority of the business owners in Makassar who were sampled in the study are male, accounting for approximately 80% of the total sample. The data also shows that the majority of the respondents, 84.3%, are between the ages of 30 and 49, indicating that many of the business owners sampled in this study are in their productive years. In terms of the type of ICT application used to support business operations, 75% of the respondents use online motorcycle taxi applications, while only 10% use independent websites. Among those who use personal websites, they are primarily used by businesses such as printing, vehicle rentals, travel agencies, and those involved in tourism services.

Table 3 Construct Reliability And Convergent Validity

Construct	Item	Items Loading	Composite Reliability	Cronbach's Alpha	Rho_A	AVE
Performance Expectancy	PE1	0.817	0.903	0.857	1.035	0.756
	PE2	0.875				
	PE3	0.913				
	EE2	0.805	0.824	0.851	0.954	0.703

Effort Expectancy	EE3	0.871				
	-	-				
Social Influence	SI1	0.800	0.831	0.955	0.724	0.711
	-	-				
Facilitating Condition	FC1	0.929	0.902	0.835	0.836	0.755
	FC2	0.889				
	FC3	0.783				
Behavior Intention	BI1	0.894	0.914	0.856	0.866	0.781
	BI2	0.781				
	BI3	0.967				
Behavior to Use	U1	0.735	0.824	0.865	0.720	0.610
	U2	0.852				
	U3	0.751				

Source Table 3 Data Processed by SEM PLS (Researcher, 2022)

From the table above, it can be seen that each variable has a composite reliability value, and Cronbach's alpha is greater than 0.7. So it can be said that each variable used in this study is reliable.

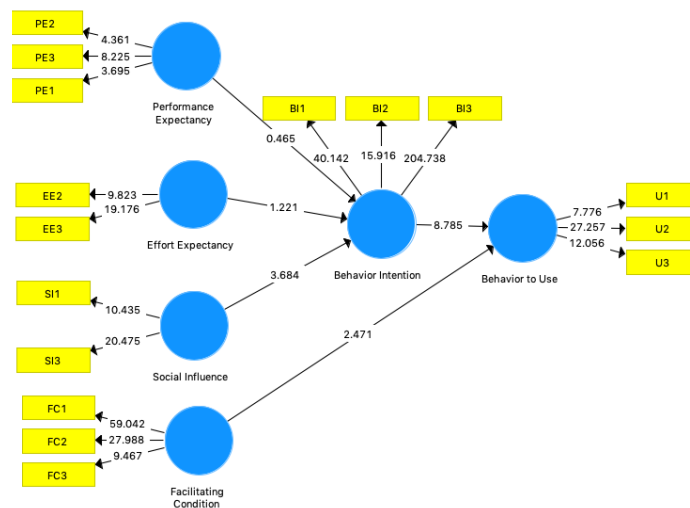


Figure 3 Bootstrapping Result

Hypothesis testing

Testing is done to find out how much exogenous (outside) variables have an effect on endogenous (inside) variables, either directly or indirectly. The loading results, along with the t-statistical value obtained from the bootstrapping process using a sample of 180 respondents and 500 repetitions, are shown in Table 3 below. This table summarizes the findings of the influence test in this study.

Table 4 Direct and Indirect Hypothesis Test

Original Sample (O)	T Statistics (O/STDEV)	P Values	Sample Mean (M)	Standard Deviation (STDEV)	Hypothesis
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$PE \rightarrow I$	0.045	0.420	0.675	0.076	0.107	<i>Not Supported</i>
$EE \rightarrow I$	0.186	1.254	0.210	0.188	0.148	<i>Not Supported</i>
$SI \rightarrow I$	0.474	3.691	0.000	0.482	0.128	<i>Supported</i>
$FC \rightarrow U$	0.248	2.535	0.012	0.260	0.098	<i>Supported</i>
$I \rightarrow U$	0.710	9.097	0.000	0.706	0.078	<i>Supported</i>
$PE \rightarrow I \rightarrow U$	0.032	0.403	0.687	0.053	0.079	<i>Not Supported</i>
$EE \rightarrow I \rightarrow U$	0.132	1.216	0.224	0.134	0.108	<i>Not Supported</i>
$SI \rightarrow I \rightarrow U$	0.336	3.644	0.000	0.338	0.092	<i>Supported</i>

Source Table 4: Data Processed by SEM PLS (Researcher, 2022)

In this study, the results showed that the social influence variable was able to significantly influence the behavioral intentions of micro- and small-business owners in Makassar City to use information and communication technology. Additionally, the results indicated that social influence had an indirect effect on the actual use of information and communication technology through behavioral intentions. On the other hand, the variables of performance expectancy and effort expectancy were not found to significantly influence behavioral intentions or the actual use of information and communication technology. These findings suggest that social influence is an important factor to consider when predicting the adoption of information and communication technology among micro- and small-business owners in Makassar City, but performance expectancy and effort expectancy may not have as much of an impact.

The coefficient of determination is a measure of how well a model explains the variance in the data. In this study, the results of the test show that the variables of performance expectancy, effort expectancy, social influence, and facilitation conditions are able to explain the variance in the dependent variables of behavioral intentions and behavior to use. Specifically, the variables of social influence and facilitation conditions have the highest ability to explain the variance in the data, with values of 0.843 and 0.599, respectively. This indicates that these variables have a strong influence on the intention and behavior of micro- and small-business owners in using information and communication technology in their business operations in Makassar City.

Table 5 Coefficient's

	R Square	R Square Adjusted
Behavior Intention	0.400	0.389
Behavior to Use	0.799	0.796

Source Table 5 Data Processed by SEM PLS (Researcher, 2022)

In this study, the structural model shows that the variables performance expectancy, effort expectancy, and social influence significantly influence the behavioral intentions of micro- and small-business owners in Makassar City when it comes to using information and communication technology in their businesses. Additionally, the variable "facilitating condition" has a significant impact on the behavior of these business owners in using information and communication technology. The model also indicates that behavioral intentions play a significant role in supporting the behavior of these business owners in using information and communication technology. Overall, the model explains 79.9% of the

variance in the behavior of these business owners in their use of information and communication technology.

Discussion

In short, this study found that performance expectations, effort expectations, social influence, and facilitating conditions all have an effect on the behavior intentions of micro- and small-business owners in Makassar City to adopt information and communication technology (ICT). Among these factors, social influence was found to be the most influential, indicating that MSME owners are more likely to adopt ICT if they receive positive messages from their social networks or environment. The study also found that facilitating conditions and behavioral intentions have a significant impact on the use of ICT, with facilitating conditions being the most influential factor. These findings have implications for policy and program development aimed at encouraging MSME owners in Makassar City to adopt ICT in their businesses.

The adoption of information and communication technology (ICT) by micro- and small-business owners in Makassar City is seen as very important and brings benefits because it supports their businesses. This is because when the availability of ICT facilities is convenient, business owners are more likely to use ICT to save time for other activities. In a previous study, Al-Shafi and Weerakkody (2010) found that the facilitating condition was not a good predictor of how people used e-government. This finding is different from what they found. But it fits with what Kim and Lee (2020) found, which is that the facilitating condition has a positive and significant effect on SME owners' use of ICT. In other words, the wider the distribution of facilities that support the use of ICT, the more likely SME owners are to adopt it.

In the case of micro- and small-business owners in Makassar City adopting information and communication technology (ICT), the intention to use ICT, which is supported by factors like perceived ease of use, perceived usefulness, and subjective norm, has a positive and significant effect on the actual behavior to use ICT. This means that the more SME owners believe that they intend to use ICT, the more likely they are to actually adopt it in their business. Researchers (Venkatesh et al., 2003) have found that the intention to use is a factor in how people actually use technology. This finding is in line with that research. It is expected that the number of SME owners who use ICT in their businesses will increase along with their increasing intention to use it. Additionally, the habit of using ICT among SME owners in Makassar City has been shown to play a role in the adoption and utilization of ICT. This suggests that users' familiarity with ICT through previous experience or the favorable conditions of the facilities will positively encourage them to adopt it.

CONCLUSION

The goal of this study is to find out how micro- and small-business owners in Makassar City use information and communication technology (ICT). The government is motivated to promote the use of ICT by SMEs as a way to help businesses connect with customers and increase their income. Research done in the past has shown that ICT may be able to help increase consumer access. But according to the results of this study, some

factors, like performance and effort expectations, have not been able to make micro- and small-business owners in Makassar City more likely to adopt ICT. From a theoretical point of view, the study's results show that important factors like how people plan to use it and how the government makes ICT services easier to use have an effect on how well new technology is accepted. But from a practical point of view, it's important to note that even though the survey results are positive, the ICT provided is still not very good. The survey's findings, which demonstrate that business owners continue to worry about data security and that some of them have limited internet access, demonstrate this.

To understand how micro- and small-business owners in Makassar City can use information and communication technology (ICT), the government needs to understand the needs, attitudes, and ways of life of the people who live there and use this information to help micro- and small-businesses grow in the city. This study is the first to use the Unified Theory of Acceptance and Use of Technology (UTAUT) model to look at how micro- and small-business owners in Makassar City use ICT. It has added to what is known about this topic by evaluating the UTAUT model and looking at how several key factors affect how micro- and small-business owners use ICT. The focus of the study is on three indirect drivers that affect how micro- and small-business owners in Makassar City plan to use ICT services and how they actually use ICT. It is suggested that more research be done to find out how age, level of education, and trust might affect micro- and small-business owners in Indonesia's adoption of ICT.

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2. Bukti konfirmasi review dan hasil review pertama (6 Maret 2023)

UMI Mail - Review Result

17/01/25, 11.02



IRWAN TAJUDDIN <irwan.tajuddin@umi.ac.id>

Review Result

3 messages

Jurnal Signifikan <signifikan@uinjt.ac.id>
To: irwan.tajuddin@umi.ac.id

Mon, Mar 6, 2023 at 10:22 AM

Irwan Tajuddin:

We have reached a decision regarding your submission to Signifikan: Jurnal Ilmu Ekonomi, "Determinants Strategic Factors for Digital Business Transformation in Micro, Small and Medium Enterprises (MSMEs)".

Our decision is Major Revision. Please do your revision in a week for the further review of your manuscript. Please also read the authors guidelines of this journal. We also strongly recommended authors use proofread for the English editing. Please also suitable your manuscript with the following template (see attachment).

Thank you very much for your attention

Regards,

Mohammad Nur Rianto Al Arif
Universitas Islam Negeri (UIN) Syarif Hidayatullah Jakarta (Scopus ID: 57200389941/ Oroid ID: 0000-0002-5731-1411)
mnur.rianto@uinjt.ac.id

2 attachments

review_SJIE_31070.pdf
223K

01_28516_Widyastuti_Hartono_OK.docx
271K

REVIEW FORM

Article Number	<u>SJIE-31070</u>			
Title	Determinant Strategic Factors for Digital Business Transformation in Micro, Small, and Medium Enterprises (MSMEs)			
Criteria				
Criteria	Excellent	Good	Poor	Comments
Title		v		The title is quite good.
Abstract		v		Abstract must explain clearly about: a. Background of the study b. Research objectives c. Methods d. Result e. Implications.
Keywords		v		Maximum keywords are 5 words.
Introduction			v	The academic debate in this paper is weak. Add more previous studies in introduction. The introduction must shows clearly about: 1. What is the differences between this research and previous research (research gap). 2. What is the novelty from this research. 3. What is the aim of this research. You can explain those informations in the last paragraph of introduction This journal do not use literature review as separate section. Please read the authors guidelines of this journal.
Methods			v	Please add more explanation about the variables and tools of analysis from this research. Please add more explanation about the sample size and sampling method.

Result & Discussion			v	The analysis is still weak, authors should put enough previous studies to support the result from this research.
Conclusion		v		Please make more clearly about the conclusion from this research
Topic and level of formality appropriate for audience			v	What is your novelty? State clearly in introduction
Citations & References		v		add more references from international journals (at least 75% from journals in the last ten years)
Supporting data and material		v		Add more supporting data
Language			v	Please use a proofread for the English editing
Recommended Changes				
Authors needs to revise according to the reviewers' comments and please to follow the authors' guidelines of the journal.				
Decision				
☒ Accepted ☒ Revision Required ☐ Major revision ☒ Rejected				



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3) Bukti konfirmasi submit revisi pertama artikel dan artikel yg disubmit (14 Maret 2023)

IMRAN TAJUDDIN <imran.tajuddin@umt.ac.id>
To: Jurnal Signifikan <signifikan@uinjkt.ac.id>

Tue, Mar 14, 2023 at 10:08 AM

Bismillah,
Dear Significant Journal Editor,
First of all, we'd like to thank you for reviewing our article, "Determinants of Strategic Factors for Digital Business Transformation in Micro, Small, and Medium Enterprises (MSMEs)". Your review gave us a lot to think about. Based on the results of this review, we have made improvements based on the feedback from reviewers on our articles, and we have submitted them to your system. We hope that the improvements we have made can get a good assessment so that they can go to the next stage. Here we would like to attach our report, which has been submitted to your system by attaching a screenshot from the Significant Journal website.
Greetings from us,

Imran Tajuddin,
Wassalamu Alaikum.

[Quoted text hidden]

my sincerely,

haerulSyahur



Screen Shot 2023-03-14 at 09:53:44.png
164K

IMRAN TAJUDDIN <imran.tajuddin@umt.ac.id>
To: imran.tajuddin@umt.ac.id

best regards, Begin

forwarded message:

From: IMRAN TAJUDDIN <imran.tajuddin@umt.ac.id>
Date: 14 March 2023 at 10:08:29 GMT+8
To: Jurnal Signifikan <signifikan@uinjkt.ac.id>
Subject: Re: Review Result

[Quoted text hidden]

REVIEW FORM

Article Number	<u>SJIE-31070</u>			
Title	Determinant Strategic Factors for Digital Business Transformation in Micro, Small, and Medium Enterprises (MSMEs)			
Criteria				
Criteria	Excellent	Good	Poor	Comments
Title		v		The title is quite good.
Abstract		v		Abstract must explain clearly about: a. Background of the study b. Research objectives c. Methods d. Result e. Implications. Authors had revised the abstract
Keywords		v		Maximum keywords are 5 words. It is prohibited to use location as keyword. Please do not use abbreviation in keyword.
Introduction			v	The academic debate in this paper is weak. Add more previous studies in introduction. The introduction must shows clearly about: 1. What is the differences between this research and previous research (research gap). 2. What is the novelty from this research. 3. What is the aim of this research. You can explain those informations in the last paragraph of introduction This journal do not use literature review as separate section. Please read the authors guidelines of this journal.

				Authors need to add more previous studies in introduction. Authors must can explain clearly about the research gap, novelty, and research objectives. What for do you explain UTAUT in introduction? This journal do not use hypothesis. Please read the published articles of this journal.
Methods			v	Please add more explanation about the variables and tools of analysis from this research. Please add more explanation about the sample size and sampling method. Please add more explanation about the tools of analysis from this journal. What is your sampling method? How many respondents do you use?
Result & Discussion			v	The analysis is still weak, authors should put enough previous studies to support the result from this research. Authors must add more depth analysis from this manuscript.
Conclusion		v		Please make more clearly about the conclusion from this research Please add the policy implications from this journal.
Topic and level of formality appropriate for audience			v	What is your novelty? State clearly in introduction The novelty from this research still not clear.
Citations & References		v		add more references from international journals (at



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				least 75% from journals in the last ten years) Please remove out of date references.
Supporting data and material		v		Add more supporting data
Language			v	Please use a proofread for the English editing Have you use proofread for the English editing?
Recommended Changes				
Authors needs to revise according to the reviewers' comments and please to follow the authors' guidelines of the journal. Please read the authors' guidelines of this journal.				
Decision				
☐ Accepted ☐ Revision Required ☐ Major revision ☐ Rejected				



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4. Bukti konfirmasi review dan hasil review kedua (25 Maret 2023)

UMI Mail - Review Result

17/01/25, 10.47



IMRAN TAJUDDIN <imran.tajuddin@um1.ac.id>

Review Result

9 messages

Jurnal Signifikan <signifikan@uinjkt.ac.id>

Sat, Mar 25, 2023 at 11:28 AM

To: imran.tajuddin@umi.ac.id

Cc: mukhlis.sufri@umi.ac.id, amir.mahmud@umi.ac.id

Dear Imran tajuddin:

We have reached a decision regarding your submission to Signifikan: Jurnal Ilmu Ekonomi, "Determinants Strategic Factors for Digital Business Transformation in Micro, Small and Medium Enterprises (MSMEs)".

Our decision is Minor Revision. Please do your revision in a week for the final review of your manuscript. We strongly recommended authors use proofread for the English eding. Please send us the proofread certificate.

Thank you very much for your cooperation

Best regards,

Mohammad Nur Rianto Al Arif
Universitas Islam Negeri (UIN) Syarif Hidayatullah Jakarta (Scopus ID: 57200389941/ Orcid ID: 0000-0002-5731-1411)
mnur.rianto@uinjkt.ac.id

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235K

REVIEW FORM

Article Number	<u>SJIE-31070</u>			
Title	Determinant Strategic Factors for Digital Business Transformation in Micro, Small, and Medium Enterprises (MSMEs)			
Criteria				
Criteria	Excellent	Good	Poor	Comments
Title		v		The title is quite good.
Abstract		v		Abstract must explain clearly about: a. Background of the study b. Research objectives c. Methods d. Result e. Implications. Authors had revised the abstract
Keywords		v		Maximum keywords are 5 words. It is prohibited to use location as keyword. Please do not use abbreviation in keyword. Done
Introduction			v	The academic debate in this paper is weak. Add more previous studies in introduction. The introduction must shows clearly about: 1. What is the differences between this research and previous research (research gap). 2. What is the novelty from this research. 3. What is the aim of this research. You can explain those informations in the last paragraph of introduction This journal do not use literature review as separate section. Please read the authors

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Methods			v	Please add more explanation about the variables and tools of analysis from this research. Please add more explanation about the sample size and sampling method. Please add more explanation about the tools of analysis from this journal. What is your sampling method? How many respondents do you use? Please explain more briefly about the sampling method from this research. Please use more update references for sampling method.

Result & Discussion			v	The analysis is still weak, authors should put enough previous studies to support the result from this research. Authors must add more depth analysis from this manuscript. The analysis is still weak. Authors must compare the empirical result with theory and previous studies.
Conclusion		v		Please make more clearly about the conclusion from this research Please add the policy implications from this journal. Done
Topic and level of formality appropriate for audience			v	What is your novelty? State clearly in introduction The novelty from this research still not clear. State the novelty from this research in the last paragraph of introduction
Citations & References		v		add more references from international journals (at least 75% from journals in the last ten years) Please remove out of date references. We found some citations not stated in the references. PLEASE CHECK AGAIN YOUR CITATIONS AND REFERENCES!
Supporting data and material		v		Add more supporting data
Language			v	Please use a proofread for the English editing Have you use proofread for the English editing? Authors still do not give the proofread certificate.



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Decision
☒ Accepted ☐ Revision Required ☒ Major revision ☒ Rejected



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5. Bukti konfirmasi submit revisi kedua, respon kepada reviewer dan artikel yang telah disubmet berdasarkan perbaikan reviewer (29 Maret 2023)

Jurnal Signifikan <signifikan@uinjkt.ac.id>
To: IMRAN TAJUDDIN <imran.tajuddin@umi.ac.id>

Wed, Mar 29, 2023 at 4:01 PM

Silahkan segera mengirimkan revisinya, karena kami sudah mau memfinalisasi naskah edisi 1 tahun 2023.

[Quoted text hidden]

IMRAN TAJUDDIN <imran.tajuddin@umi.ac.id>
To: Jurnal Signifikan <signifikan@uinjkt.ac.id>

Wed, Mar 29, 2023 at 5:22 PM

Baik, segera kami kirimkan,
Untuk sementara menunggu penyelesaian proofreading spt yg disyaratkan sebelumnya..
Terimakasih, mohon atas waktunya sedikit lagi,

Wassalamu alaikum,
Sincerely, Imran tajuddin 🙏

On 29 Mar 2023, at 16.01, Jurnal Signifikan <signifikan@uinjkt.ac.id> wrote:

[Quoted text hidden]

REVIEW FORM

Article Number	<u>SJIE-31070</u>			
Title	Determinant Strategic Factors for Digital Business Transformation in Micro, Small, and Medium Enterprises (MSMEs)			
Criteria				
Criteria	Excellent	Good	Poor	Comments
Title		v		The title is quite good.
Abstract		v		Abstract must explain clearly about: a. Background of the study b. Research objectives c. Methods d. Result e. Implications. Authors had revised the abstract
Keywords		v		Maximum keywords are 5 words. It is prohibited to use location as keyword. Please do not use abbreviation in keyword. Done
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				guidelines of this journal. Authors need to add more previous studies in introduction. Authors must can explain clearly about the research gap, novelty, and research objectives. What for do you explain UTAUT in introduction? This journal do not use hypothesis. Please read the published articles of this journal. Please delete the research framework in introduction section. Authors still do not state explicitly about research gap & novelty in the last paragraph of introduction. Authors need to simplify the introduction. The introduction not more than three pages.
Methods			v	Please add more explanation about the variables and tools of analysis from this research. Please add more explanation about the sample size and sampling method. Please add more explanation about the tools of analysis from this journal. What is your sampling method? How many respondents do you use? Please explain more briefly about the sampling method from this research. Please use more update references for sampling method.

Result & Discussion			v	The analysis is still weak, authors should put enough previous studies to support the result from this research. Authors must add more depth analysis from this manuscript. The analysis is still weak. Authors must compare the empirical result with theory and previous studies.
Conclusion		v		Please make more clearly about the conclusion from this research Please add the policy implications from this journal. Done
Topic and level of formality appropriate for audience			v	What is your novelty? State clearly in introduction The novelty from this research still not clear. State the novelty from this research in the last paragraph of introduction
Citations & References		v		add more references from international journals (at least 75% from journals in the last ten years) Please remove out of date references. We found some citations not stated in the references. PLEASE CHECK AGAIN YOUR CITATIONS AND REFERENCES!
Supporting data and material		v		Add more supporting data
Language			v	Please use a proofread for the English editing Have you use proofread for the English editing? Authors still do not give the proofread certificate.



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Recommended Changes
Authors needs to revise according to the reviewers' comments and please to follow the authors' guidelines of the journal. Please read the authors' guidelines of this journal. Authors must revised according the above comments, especially for research gap, novelty, sampling method, analysis, citations and references.
Decision
☒ Accepted ☐ Revision Required ☒ Major revision ☒ Rejected



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6. Bukti konfirmasi submit revisi kedua, respon kepada reviewer dan artikel yang telah disubmit berdasarkan perbaikan reviewer (1 April 2023)

UMI Mail - Review Result

17/01/25, 10.47

Jurnal Signifikan <signifikan@uinjkt.ac.id>

Sat, Apr 1, 2023 at 11:04 AM

To: IMRAN TAJUDDIN <imran.tajuddin@umi.ac.id>

Berikut kami kirimkan catatan perbaikan yang masih perlu dilakukan oleh penulis:

1. Bagian pendahuluan belum menyatakan dengan jelas mengenai research gap dan novelty dari riset ini.
2. Metode belum menjelaskan tentang metode sampling yang digunakan dari penelitian.
3. Bagian analisis perlu diperdalam. Tambahkan perbandingan hasil empiris dengan kajian terdahulu yang relevan.

Kami tunggu segera revisinya

[Quoted text hidden]

 **31070-95156-3-ED.docx**
3686K

IMRAN TAJUDDIN <imran.tajuddin@umi.ac.id>

Sat, Apr 1, 2023 at 4:54 PM

To: Jurnal Signifikan <signifikan@uinjkt.ac.id>

Terimakasih atas masukannya,

Telah kami perbaiki berdasarkan masukan yang diberikan kepada kami, novelty kami sampaikan pada bagian akhir di Introduction. Metode pengambilan sampel yang kami gunakan memakai teori pada Bentler & Chou, Hoogland and Boomsma, Ferdinand, dan JF Hair. Pada sesi Discussion kami telah perbaiki dan menambahkan hasil perbandingan dari hasil pada penelitian terdahulu..Terimakasih atas masukannya,

Wassalam

Best regards, Imran tajuddin

On 1 Apr 2023, at 11.05, Jurnal Signifikan <signifikan@uinjkt.ac.id> wrote:

[Quoted text hidden]

<31070-95156-3-ED.docx>

7. Penelitian Accepted – LoA terbit (2 April 2023)

1/20/25, 2:12 PM

UMI Mail - Acceptance Letter



IMRAN TAJUDDIN <imran.tajuddin@umi.ac.id>

Acceptance Letter

3 messages

Jurnal Signifikan <signifikan@uinjkt.ac.id>

Sun, Apr 2, 2023 at 8:58 AM

To: MUHAMMAD IMRAN TAJUDDIN <imran.tajuddin@umi.ac.id> Cc: haendangsya@umi.ac.id, amir.mahmud@umi.ac.id

Paper Acceptance Letter

April 2, 2023

Dear Imran Tajuddin, Amir Mahmud, Muhammad Imran Tajuddin

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Determinants of Strategic Factors for Digital Transformation in Micro and Small Enterprises in Makassar City

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Abstract

The Indonesian government aims to promote information and communication technology (ICT) among micro and small enterprises to enhance their competitiveness in the global market. A survey was conducted among 180 micro and small enterprise owners in Makassar City using the Unified Theory of Acceptance and Use of Technology (UTAUT) model. The results showed that Performance Expectancy (PE) and Effort Expectancy (EE) insignificantly affect the Behavioral Intentions (BI) of the enterprise owners. It also indicated that Social Influence (SI) and Facilitating Conditions (FC) positively influence the adoption of ICT in micro and small enterprises. This study is novel and significant as it addresses a gap in the literature on digital transformation strategies, particularly in Makassar City, where such investigations are rare. Consequently, this study presents an original contribution to the field.

Keywords:

technology adoption; micro and small enterprise; unified theory of acceptance and use of technology

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INTRODUCTION

The Indonesian government is committed to enhancing economic activity and the quality of life for citizens in urban and rural areas by investing in infrastructure development. Technology infrastructure has been instrumental in addressing various challenges, including COVID-19, which hit the country in March 2020. In response, the government implemented large-scale social restrictions, community activity restrictions, and emergency measures to curb the spread of the virus. Using the internet for activities like teaching and learning, remote work, and enterprise transactions has enabled individuals to avoid in-person contact during the pandemic. As technology use increases, some activities can continue to function effectively through digitalization. This trend is expected to continue even as COVID-19 cases decline, vaccines become more available than before, and community activities gradually resume. The pandemic has brought about rapid changes in many aspects of life, forcing everyone to adapt to technology. In the economic sphere, Small and Medium-sized enterprises (SMEs), being more agile and able to adapt to the environment, have replaced larger corporations by leveraging Information and Communication Technology (ICT) to reach customers.

According to the Indonesian Ministry of Cooperatives and Small and Medium Enterprises, micro (UM) and small enterprise (UK) are enterprises with a net worth of at least IDR 200,000,000 (excluding land and buildings) and annual sales of up to IDR 1,000,000,000. Medium enterprises (UM) have a net worth of over IDR 200,000,000 to IDR 10,000,000,000 (excluding land and buildings). Micro, Small, and Medium Enterprise (MSMEs) regulation falls under Law No. 20 of 2008. Based on the data from the Ministry of Cooperatives and Small and Medium Enterprises (2022), there were 65.47 million MSMEs in Indonesia in 2019, a 1.98% increase from the previous year's 64.19 million. This data accounts for 99.99% of all enterprises in this country.

In Indonesia, micro and small enterprise need to adopt ICT as it can leverage the extensive and affordable infrastructure to expand the customer reach. Fiki Satari, the Special Staff of the Minister of Cooperatives and SMEs for Creative Economy Empowerment explained that only around 19% of SMEs (approximately 12 million) had adopted this technology. This data is a notable increase from 2020, when only 13% (approximately 8 million) of SMEs had embraced ICT Humas Kementrian Koperasi dan UKM, 2021). From a marketing perspective, digital marketing not only boosts revenue but also employs recommendation systems, known as electronic word-of-mouth (eWoM), to influence consumer purchasing decisions through products or service recommendation algorithms. Bala & Feng (2019) explained that various factors, such as web presence and internet use, positively affect SMEs' success. Enterprise owners believe that technology can help them attract and communicate effectively with new customers and trade partners. Moreover, the rapid increase in internet penetration enables enterprises to obtain enterprise-related information more efficiently.

According to Rupeika-Apoga et al. (2022), digital transformation positively affects an enterprise's revenue through digital orientation. This condition suggests that SMEs need to consider adopting digital devices to achieve their goals and increase revenue.

These results are consistent with Lanlan et al. (2019), where perceived ease of use and usefulness improve the use of Computerized Accounting Systems (CAS) among MSEs in Xi'an, Shaan Xi, China. The study shows that perceived ease of use and usefulness positively affect CAS use intention through multiple regression analysis. Majinda (2019) explained that Performance Expectancy (PE) significantly affects both Behavioral Intention (BI) and actual usage of Facebook marketing. This result contradicts Venkatesh (2022), where PE failed to predict BI but has the highest coefficient for actual usage. Effort Expectancy (EE) does not affect behavioral intention, suggesting that Facebook marketing is less easy for them. The results of the study conducted by Majinda (2019) are different from those of Rupeika-Apoga et al. (2022) & Lanlan et al. (2019).

Meanwhile, Facilitating Conditions (FC) significantly affect the behavioral intention of Tswana SMMEs to use Facebook marketing. FC insignificantly affects actual usage, and this contradicts the findings of El Ouiridi et al. (2016) and Taiwo (2019). Additionally, a level of digital orientation affects the complexity of its enterprise model through digital transformation (Ardito et al., 2021). SMEs face various challenges in entering the digital market due to their need for more technical skills and a stable ecosystem. This stable digital ecosystem supports the SMEs' growth and competitiveness throughout their operations.

Adopting digital marketing makes SMEs increase revenue, expand their market opportunities, and easily access financial services from banks and other institutions. The UTAUT is currently the most widely accepted theory for predicting the adoption of technology services. According to Venkatesh (2022), UTAUT can accurately predict up to 70% of consumer behavior relating to the use of ICT. UTAUT is based on four critical factors that influence a user's decision to adopt technology: Performance Expectancy (PE), Effort Expectancy (EE), Social Influence (SI), and Facilitating Condition (FC). By understanding these factors, stakeholders can develop effective strategies for encouraging SMEs to adopt digital marketing.

Micro, Small, and Medium-sized enterprises (MSMEs) are recognized as essential components of national development, particularly economic growth. The presence of MSMEs across various industries makes them create many jobs and contribute significantly to the country's gross domestic product (GDP). Indonesia's supporting MSMEs is crucial as they possess a high workforce that can enhance productivity and coexist with a larger enterprise. Law Number 20 of 2008 stipulates that MSMEs are classified as follows: micro enterprises refer to productive enterprises owned by individuals or entities with specific criteria. Meanwhile, small and medium enterprises are independent economic enterprises conducted by individuals or entities that are not subsidiaries.

Sarfiah et al. (2019) have identified four characteristics of MSMEs in Indonesia, which are essential in understanding their strategic positioning. Firstly, starting a small enterprise is relatively more accessible than a large one, primarily due to financing factors. Secondly, no additional academic training is required to fill positions in MSMEs, making it easier to find and hire talent. Thirdly, unlike large enterprises, MSMEs can operate without urban infrastructure and are often located in rural areas. Lastly, MSMEs have shown resilience during economic downturns, such as Covid-19, which adversely affected

1,785 cooperatives and 163,713 SMEs in the country (Thaha, 2020). The most affected sectors were food and beverage, the creative industries, and agriculture.

Entrepreneurship, which uses technology for product and service marketing, has become increasingly crucial in the pandemic. Meanwhile, digital-based SMEs emerged as a solution to help the sector survive during the pandemic (Arianto, 2020). The government, Ministry of Cooperatives, and SMEs have also encouraged digital transformation to respond to the pandemic's impact on the enterprise ecosystem.

According to Venkatesh (2022), the UTAUT is a theoretical model that has evolved from Technology Acceptance Model (TAM) by Davis (2023). UTAUT has two primary objectives: first, it aims to enhance the understanding of the acceptance process by offering theoretical insights into the design and implementation of information systems. Second, it provides a theoretical framework for practical user acceptance testing, which enables system designers and implementers to evaluate new systems before implementation. The diffusion theory of innovation, developed by Rogers in 1961, is a model that explains how new ideas and technology spread quickly. This theory differs from the Theory of Reasoned Action (TRA) and the Theory of Planned Behavior (TPB), which focus on individual motivational factors as predictors of behavior. TPB posit that Behavioral Intentions (BI) are the best indicators influenced by attitudes and social norms. It also adds the concept of perceived behavioral controls to TRA. In recent years, Fishbein and colleagues have proposed using Integrated Behavior Models (IBM) that incorporate elements of other significant theories in addition to TRA and TPB.

Several theories can be used to predict an individual's behavior in terms of adopting information technology systems. One of these theories is the UTAUT, which was introduced by Venkatesh (2022). UTAUT is based on PE, EE, SI, and FC, as well as four moderator variables, including gender, age, experience, and voluntariness of use. This model has gained popularity due to its integrating of eight major theories in the field. Also, it has been tested using a large dataset of real-world data. Other studies have investigated the connection between technology adoption and influencing variables, with both the TAM and UTAUT models having been thoroughly examined. Even after introducing the UTAUT model, literature has continued to use TAM for various technology or has enhanced and validated existing models. This study used UTAUT due to its inclusion of both PE and EE and FC and SI, which are not included in the traditional TAM model. UTAUT is also employed because it considers both intentions to use and actual use and incorporates individual and social factors in predicting technology adoption.

According to Alwahaishi & Snásel (2013), "PE refers to the perceived usefulness of technology, which affects an individual's intention to continue using it." This study measures PE based on the perceived benefits of implementing ICT, such as saving time, money, and effort, improving communication with customers, and enhancing the quality of corporate services (Williams et al., 2015). Meanwhile, EE represents the perceived level of effort required to use technology, which affects user satisfaction. It is assessed based on ICT's perceived utility, ease of use, and availability of support for using these services. SI also

plays a significant role in the intensity of technology use, as individuals tend to follow the recommendations or suggestions of others. Therefore, when adopters of ICT are influenced by positive feedback from social networks, they are more likely to have a strong intention to adopt a system. They are also influenced by the perception of technology aligning with the user's lifestyle. FC refers to the resources and knowledge available to explain the benefits of using technology, which is considered greater than the monetary costs involved (Williams et al., 2015). These conditions are measured by accessing the necessary resources and obtaining the support and knowledge required to use ICT services.

The UTAUT has proven to be effective in predicting technology adoption among SME owners (Rozmi et al., 2019). In a study conducted in Malaysia by Rozmi et al. (2019), three of the five UTAUT factors, including EE, SI, and FC, affect SMEs' intention to adopt ICT in their enterprises. Piarna and Fathurohman (2019) investigated factors influencing the adoption of e-commerce in Subang city. The study found that PE, EE, and SI significantly supported BI toward technology adoption. Furthermore, FC was identified as a key factor affecting user behavior. This study aims to measure the adoption of technology among MSMEs owners in Makassar city using the UTAUT model. The model includes five factors: PE, EE, SI, FC, and BI. This study's conceptual framework and hypotheses are based on these factors.

In the city of Makassar, COVID-19 resulted in a decrease in the original regional income (PAD) from IDR 1.30 trillion in 2019 to IDR 1.08 trillion in 2020. As a response, the government has launched the Makassar City Recover program, which comprises three sub-programs: health immunity, social adaptation, and economic recovery. The economic recovery program includes the Digitalization Payment System, developed by various regional revenue management apparatuses as part of the Local Government Transaction Electronification Program. While the research on technology adoption has been abundant, the adoption among micro and small enterprise owners in Makassar City still needs further clarification. Therefore, this study explores how the government can use factors from the Unified Theory of Acceptance and Use of Technology (UTAUT) to support micro and small enterprises in adopting technology to enhance their operations. This study will likely contribute to the growth of national income from micro and small enterprise sectors.

METHOD

In this study, data was collected through a questionnaire that incorporated indicators and variables from other models, to measure the constructs of PE, EE, SI, FC, and BI. The questionnaire is divided into two parts, the first consisting of questions about the respondents' backgrounds, and the second addressing the main topic, with a total of 22 questions, 4 of which pertain to the former and 18 to the latter. Respondents are required to provide answers on a 5-point Likert scale, ranging from strongly disagreeing to strongly agreeing. The study was conducted among owners of micro and small-sized enterprise in Makassar City, including coffee shops, food outlets, laundries, grocery stores, simple lodgings, and boarding houses. Furthermore, the study spanned eight months, from March 2022.

Table 1. Operational Variables

Root Constructs, Definitions, and Items
1. Performance Expectancy (PE), "Refers to the perceived usefulness of using technology and influences an individual's intention to continue using it" Alwahaishi & Snásel (2013) • I believe the use of technology is very beneficial for my enterprise (PE1) • Utilizing technology enables me to achieve my enterprise's marketing objectives (PE2) • Utilizing technology as a marketing platform has increased my company's sales and profits (PE3)
2. Effect Expectancy (EE), "Represents the perceived level of effort required to use technology and affects user satisfaction, Williams et al. (2015)." • My interaction with the app in helping my enterprise is clear and understandable (EE1) • Operating social media pages to promote the company is simple for me. (EE2) • I devote adequate time to promoting my enterprise on social media. (EE3)
3. Social Influence (SI), "is characterized by the belief that when adopters of ICT are influenced by positive feedbacks from social networks, they are more likely to have a strong intention to adopt a system" • People influencing my behavior find marketing through social media use for my enterprise. (SI1) • When using social media or other applications such as ex; GoJek, Grab, etc., my enterprise is supported by my friends and family through the "like" and "share" buttons, which show their support and encouragement. (SI2) • The opinions of my customers play a major role in driving me to market my enterprise effectively using information technology. (SI3)
4. Facilitating Condition (FC), "Refer to the resources and knowledge that are available to explain the benefits of using technology and are considered to be greater than the monetary costs involved, conducted by Williams et al. (2015)" • I have the necessary resources to access information technology to facilitate my enterprise (e.g. Wi-Fi connection, computer, smartphone) (FC1) • I have adequate knowledge about marketing on social media by studying digital marketing (FC2) • I have the necessary guides to help me operate social media pages for my enterprise (FC3)
5. Behavioral Intention (BI) • I intend to continue to use ICT as my preferred social media marketing platform soon (BI1) • I intend to design a social media marketing strategic plan for my social media pages (BI2) • I plan to use ICT, like social media, for marketing purposes more often soon. (BI3)
6. Behavior to Use • I feel very confident in marketing my enterprise using ICT (U1) • Marketing through social media pages makes it easier for my enterprise to engage with new customers (U2) • Marketing my social media pages has resulted in my enterprise gaining a positive reputation with online audiences (U3)

Source: Data Processed by Researchers (2023)

The study aims to survey a total of 176,637 SMEs located in Makassar City. To obtain a representative sample, expert opinions were sought to determine the minimum sample size. Bentler & Chou (1987) recommended a sample size of at least five times the number of free variables in the model, while Hoogland and Boomsma (1998) suggested a sample size of at least 10 times the number of the study variables. Ferdinand (2002) recommended multiplying the number of indicators by five to determine the sample size. As this study involves six variables and eighteen indicators, so the sample size was determined to be 180 respondents (ten times eighteen indicators). Also conforms to the ten-degree independent path rule of Hair *et al.* (2014). The questionnaire underwent a validation and reliability check before finalization, and necessary changes were made. Moreover, the SEM PLS software was utilized to assess the questionnaire's reliability. Table 1 shows the operational variable from this research.

To evaluate the validity and reliability of the outer model, the measurement model is assessed. The reflexive measurement model is evaluated using convergent and discriminant validity for indicators that form latent constructs, as well as Composite Reliability (CR) and Cronbach Alpha (CA) (Ghozali & Latan, 2015). Furthermore, the measurement model assesses the accuracy of the constructs with the validity test (reliability). The reliability test shows the accuracy, consistency, and precision of the instrument's measurement construction. CR is a better measure for testing construct reliability than CA, as the latter tends to underestimate it. In PLS, the R-Square value for each endogenous latent variable indicates the power to predict the best goodness-of-fit model. R-Square values indicate whether the exogenous latent affects endogenous variables, and the PLS R-Square results show the construct variance of the model. In addition to R-Square, the PLS structural model can be assessed using the Q2 predictive relevance or predictive sample reuse (Ghozali, 2011).

RESULT AND DISCUSSION

Data were analyzed using a two-step technique. The first step involves verifying the reliability, convergent validity, and discriminant validity of the measurement model. Also, the second step focuses on analyzing the structural model to determine the strength and direction of the relationships between the theoretical elements.

According to Zikmund *et al.* (2013), all measures of CR and CA, which are standard criteria for internal consistency, exceed the recommended minimum level of 0.70 for internal consistency reliability. The study statements that have a CR value of over 0.70 are considered reliable (Chin, 2010). To ensure convergent validity, the indicator's standard value needs to be at least 0.708 of the thresholds values, and each indicator's Average Variance Extracted (AVE) value must be at least 0.5 (Hair *et al.*, 2007). Table 2 presents the results, and the CR value was reduced to less than 0.70 to display the test results in Figure 1.

Figure 1. SEM PLS Results

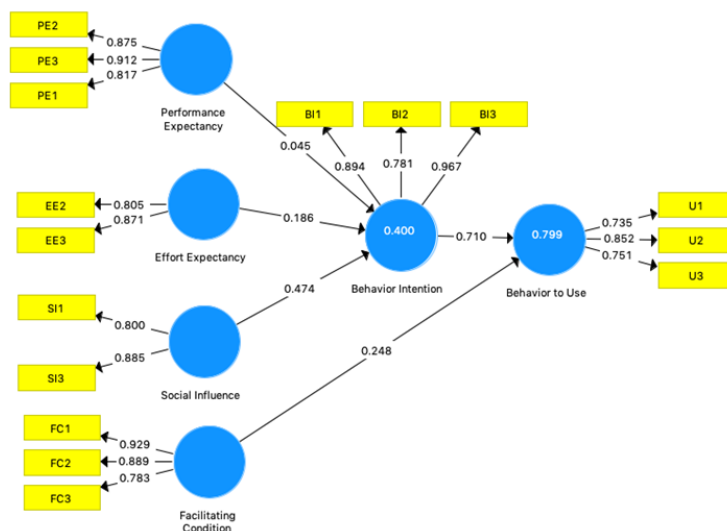


Figure 1 shows that the latent variable of PE can explain more than 81% of the variance in the three indicators, including PE1, PE2, and PE3. The latent variable of EE can account for the variance in the indicators of EE2 and EE3, which are both higher than 80%. Moreover, the latent variable of SI can explain over 80% of the variance in the indicators SI1 and SI3. The latent variables of FC, BI, and behavior can explain more than 73% of the variance in their respective indicators. Overall, each latent variable has demonstrated the capacity to explain the variance in the indicators that measure it by more than 70%.

Table 2. Demographic Respondents

Items	Type	Frequency	Percentage
Gender	Male	144	80%
	Female	36	20%
Age	≤29	19	10.5%
	30–39	77	42.7%
	40–49	75	41.6%
	≥50	9	5%
Periods Time	≤2 Years Old	45	25%
	2–3 Years Old	95	52.7%
	≥3 Years Old	40	22.3%
Type of Applications	Social Media	112	62.2%
	Online Payment (<i>FinTech</i>)	38	21.1%
	Online Application (Grab, GoJek, etc)	135	75%
	Website	18	10%

Source: Data Processed by Researchers (2023)

Table 3. Construct Reliability And Convergent Validity

Construct	Item	Items Loading	CR	CA	Rho_A	AVE
PE	PE1	0.817	0.903	0.857	1.035	0.756
	PE2	0.875				
	PE3	0.913				
EE	EE2	0.805	0.824	0.851	0.954	0.703
	EE3	0.871				
	-	-				
SI	SI1	0.800	0.831	0.955	0.724	0.711
	-	-				
	SI3	0.885				
FC	FC1	0.929	0.902	0.835	0.836	0.755
	FC2	0.889				
	FC3	0.783				
BI	BI1	0.894	0.914	0.856	0.866	0.781
	BI2	0.781				
	BI3	0.967				
Behavior to Use	U1	0.735	0.824	0.865	0.720	0.610
	U2	0.852				
	U3	0.751				

Source: Data Processed by SEM PLS (2022)

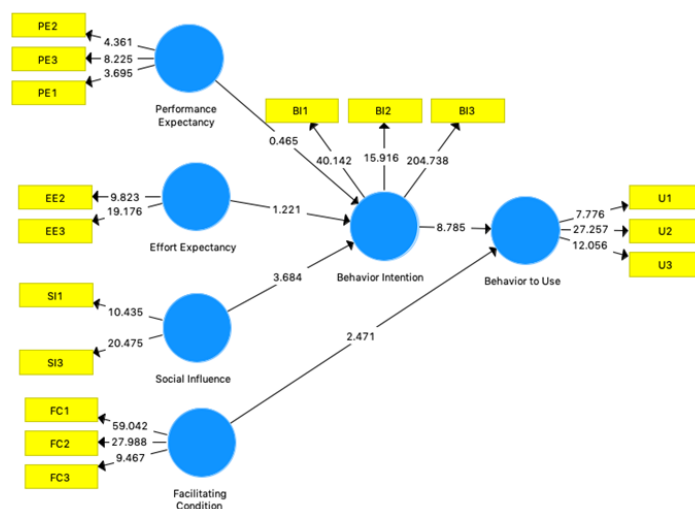
Table 2 shows that the study sample primarily comprises male enterprise owners in Makassar city, accounting for approximately 80% of the total respondents. A significant proportion of the participants, approximately 84.3%, fall within the age range of 30 to 49, indicating that many of the enterprise owners included in this study are in their prime working years. Regarding the type of ICT application used to support enterprise operations, 75% of the respondents reported using online motorcycle taxi applications, while only 10% used independent websites. The minority of respondents who use personal websites were mainly involved in industries such as printing, vehicle rentals, travel agencies, and tourism services. Based on Table 3, all variables have a CR and CA value greater than 0.7. It is then concluded that all variables used in this study are reliable.

Experiments were carried out to examine the direct and indirect effects of exogenous variables on endogenous ones. Table 4 presents the results of the loading procedure and the t-statistical value obtained from a sample of 180 individuals and 500 repetitions, which provide an overview of the study's influence test.

This study discovered that the SI variable significantly affects the behavioral intention of micro and small enterprise owners in Makassar City to use ICT. The results showed that SI indirectly influences the actual use of ICT through behavioral intention. As depicted in Table 1 and Figure 2, only two out of the three indicators of the SI variable passed the test with a construction value greater than 0.6. The indicator "When using social media or other applications such as ex, GoJek, Grab, and others. my enterprise

is supported by my friends and family through the "like" and "share" buttons, which shows their support and encouragement." This result indicates that enterprise owners who use ICT to support their enterprise feel a lack of social support, particularly from friends and family. Therefore, it is anticipated that the government can extend its support to promote the extensive use of ICT for micro and small enterprises in Makassar City.

Figure 2. Bootstrapping Result



This study showed that PE and EE insignificantly affect the BI or behavior use of ICT. The reason is that each variable's significance value is more significant than 0.05. PE and EE should be given special attention by infrastructure providers in Makassar City when anticipating and predicting the adoption of ICT by micro and small enterprise owners.

Table 4. Direct and Indirect Hypothesis Test

	Original Sample (O)	T Statistics ((O/STDEV))	P Values	Sample Mean (M)	Standard Deviation (STDEV)	Results
PE → BI	0.045	0.420	0.675	0.076	0.107	Not Supported
EE → BI	0.186	1.254	0.210	0.188	0.148	Not Supported
SI → BI	0.474	3.691	0.000	0.482	0.128	Supported
FC → BU	0.248	2.535	0.012	0.260	0.098	Supported
BI → BU	0.710	9.097	0.000	0.706	0.078	Supported
PE → BI → BU	0.032	0.403	0.687	0.053	0.079	Not Supported
EE → BI → BU	0.132	1.216	0.224	0.134	0.108	Not Supported
SI → BI → BU	0.336	3.644	0.000	0.338	0.092	Supported

Source: Data Processed by SEM PLS (2022)

The coefficient of determination is a valuable measure that assesses how effectively a model explains the variance in the data. This study's test results show that the PE, EE, SI, and facilitation conditions can explain the variance in the dependent variables of behavioral intention and behavior to use. The SI and FC exhibited the highest capacity to explain the variance in the data, with values of 0.843 and 0.599 (see Table 5). This result shows the significant influence of these variables on the intentions and behavior of micro and small enterprise owners regarding the use of ICT to operate their enterprises in Makassar City.

Table 5. Determinant Coefficients

	R Square	R Square Adjusted
Behavioral Intention	0.400	0.389
Behavior to Use	0.799	0.796

Source: Data Processed by SEM PLS (2022)

This study's structural model shows that PE, EE, and SI significantly influence the behavioral intention of micro and small enterprises regarding their use of ICT. Additionally, the "FC" variable indicates a significant impact on their behavior in using ICT. The model also shows that BI plays a crucial role in supporting the behavior of these enterprise owners in utilizing ICT. Overall, the model successfully explains 79.9% of the variance in the behavior of these enterprise owners concerning their use of ICT.

This study demonstrates the need to thoroughly understand users' attitudes and preferences towards ICT adoption of micro and small enterprise owners in Makassar City. As more and more technological innovations are introduced rapidly, and as they fail, it becomes increasingly important to gain insight into the determinants of adoption and usage.

Social influence significantly impacts adoption intentions as they increase adoption intentions if their peers, investors, shareholders, and other entrepreneurs with whom they deal sincerely advise them to adopt ICT. The results of Rozmi et al. (2019) and Piarna & Fathurohman (2019) show that the social environment has a strong interactive effect on influencing SME owners and, thus, their use of ICT. It is essential to use an ecosystem that encourages SME owners to feel more confident in using ICT for their business. Furthermore, facilitation significantly impacts adoption intentions, as SME owners will adopt ICTs if they are provided with easier access to them.

This study also reports that Facilitating Conditions positively and significantly affect Behavioral intention. Adopting ICT among micro and small enterprise owners in Makassar City is crucial as it can substantially benefit their enterprises. This condition is because the availability of ICT facilities can make it more convenient for enterprise owners to use ICT, saving them time for other activities. Even though Williams et al. (2015) found that FC could have been a better predictor of e-government usage, this contradicts the results of this study. However, Kim & Lee (2020) discovered that FC significantly affects SME owners' ICT adoption. This result implies that the increase in the distribution of facilities that support the use of ICT encourages SME owners to adopt it.

Venkatesh (2022) discovered that intention to use is a factor in how individuals use technology, which is in line with the results of this study. The intention to use ICT is a significant factor supported by perceived ease of use, usefulness, and subjective norm. This result shows that SME owners who believe they intend to use ICT are more likely to adopt it in their enterprise. The number of SME owners adopting ICT is expected to be high as their intention increases. Additionally, the habit of using technology among SME owners in Makassar City plays a crucial role. This result suggests that users' familiarity with ICT through prior experience or favorable FC positively encourages their adoption of it.

In summary, this study shows that several factors, including SI, FC, and BI, can influence the BU of micro and small enterprise owners in Makassar City when adopting ICT. The statistical analysis results prove that among these factors, SI was found to have the most substantial impact, indicating that micro and small enterprise owners are more likely to adopt ICT when receiving positive feedback from their social networks or environment.

CONCLUSION

This study aims to investigate the utilization of ICT among micro and small enterprise owners in Makassar City. The government is committed to promoting ICT adoption by SMEs to facilitate enterprise-customer interactions and boost revenue. This study showed that certain factors, such as PE and EE, insignificantly influence ICT adoption among micro and small enterprise owners in Makassar City. Theoretically, the results show that usage intentions and government initiatives to simplify ICT services are critical in facilitating technology adoption. A practical perspective shows that ICT services' quality still needs to improve. The findings indicate that enterprise owners remain concerned about data security, and some have limited access to the internet.

To gain insight into the utilization of ICT by micro and small enterprise owners in Makassar City, the government must first comprehend their needs, attitudes, and ways of life. This information can then be leveraged to support the city's growth of micro and small enterprises. The study focuses on three indirect drivers that affect how micro and small enterprise owners in Makassar City plan to use ICT services and how they use them. The further review should be conducted to investigate the impact of age, educational level, and trust on the adoption of ICT by micro and small enterprise owners in Indonesia.

The results of this study have important policy implications and strategic factors for switching and utilizing ICT. These insights are precious for ICT service providers in Indonesia. The study's results suggested a greater emphasis on improving factors such as PE and EE, which insignificantly affect behavioral intention and behavior to use. Future reviews, IT professionals, marketing professionals, and micro- and small enterprise owners can use the results of this study to comprehend the threat factors and opportunities in transitioning to using ICT for their enterprises. Additionally, the results can aid in making informed decisions about technology to support the marketing strategies of micro and small enterprise owners in Makassar City.

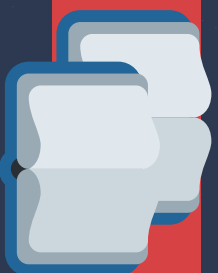
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