



An Analysis on the Influence of Digital Marketing, Entrepreneurial Networking, on Msme Business Performance with the Use of Payment System Quick Response Indonesia Standard (Qris) As Moderating Variable In Medan

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ABSTRACT

The objective of the research was to find out 1) the influence of Digital Marketing, Entrepreneurial Networking on MSME Business Performance in Medan, and 2) The using QRIS payment sistem in modernizing the influence of Entrepreneurial Networking, Competitive Advantage on MSME Business Performance in Medan, The population used causality method. The population was 100 MSME in Medan Amplas, and all of them were used as the samples and analyzed by using measurement model (outer model) and structural model (inner model), and effect size for moderating variable. The result of the research showed that 1) Digital Marketing, Entrepreneurial Networking had positive and significant influence on MSME Business Performance in Medan, and 2) The using QRIS payment sistem could moderate the influence of Digital Marketing, Entrepreneurial Networking on MSME Business Performance in Medan.

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INTRODUCTION

MSMEs contribute significantly to the progress of the Indonesian economy, establishing sources of innovation, providing the majority of employment opportunities, facilitating the supply of goods, increasing national income and sources of foreign exchange. The rapid development of digital technology in the industrial era 4.0 is due to increasingly complex human needs. For Micro, Small and Medium Enterprises (UKMK) the use of appropriate and targeted technology will provide a variety of conveniences offered.

The implementation supporting this program, Bank Indonesia and the Indonesian Payment System Association (ASPI) launched the QRIS (Quick Response Indonesian Standard) effective 1st January 2020. During the Covid-19 pandemic, transactions using qr code Indonesia Standard (QRIS) increased rapidly due to digital adaptation during the Covid-19 pandemic. From the records issued

by Bank Indonesia, as of December 30, 2021, QRIS has established connections with 5.8 million retail outlets throughout Indonesia. Quick Response Indonesia Standard (QRIS) has been widely used by micro, small and medium enterprises, especially those in big cities such as Medan. In addition, the problems and challenges that arise in the field today due to the Covid-19 pandemic are a decrease in sales which results in oversupply, hampered and limited distribution and marketing, and very minimal access to financing sistem payment method.

Based on data sourced from the Department of Cooperatives and MSMEs in Medan City, there are 1,603 SME business actors registered in Medan City. Of the 22 existing sub-districts, Medan Amplas sub-district has a total of 100 MSMEs. Medan Amplas is the focus of the research area due to the variety of MSME business sectors spread across the district.

The COVID-19 pandemic situation presents challenges as well as opportunities for the government to maintain the existence of MSMEs. Challenges are defined as the need for short-term solutions to help MSMEs and workers who are members of them. Opportunities are interpreted, short-term solutions need to be followed by long-term solutions, especially when associated with the industrial era 4.0 which requires the availability of digital technology to support economic activities. The performance of SMEs is the focus of researchers, business performance is a series of efforts that provide an overview of the extent to which the results have been achieved in carrying out their duties and responsibilities in the form of successes and shortcomings that occur in various situations.

Increasing the performance of MSMEs is absolutely necessary in order to maintain the stability of the national economy, through the application of entrepreneurial networking [1], this is expected to be able to strengthen business networks and increase sales of MSME actors. To produce good business performance, digital marketing is also needed as a solution to the obstacles faced by SMEs in marketing products widely [2]. The benefits of the Indonesian standard quick response payment system (QRIS), the ease of use of the Indonesian standard quick response payment sistem (QRIS) has a positive and significant effect on the development of of MSME [3].

Previous research discusses sales performance through the Indonesian standard quick response payment sistem (QRIS which is directed to improve MSME peyment system performance, the results show that promotional activities through QRIS have a positive impact on increasing the of MSMEs performance. The benefits of the Indonesian standard quick response payment sistem (QRIS) as a moderator in this study is expected to strengthen the influence of digital marketing, and entrepreneurial networking.

RESEARCH METHOD

This research uses primary data obtained from questionnaires distributed to respondents to 100 (eighty five) MSME entrepreneurs in the Medan Amplas sub-district which consists of: 7 micro businesses, 78 small businesses. The distribution of questionnaires was carried out from mid-May to July 2022. This research belongs to the type of causality research, namely to examine the causal relationship between entrepreneurial networking, competitive advantage on MSME business performance, which is moderated by digital marketing. This type of research data is primary data because it is carried out by means of field studies by distributing questionnaires.

The data analysis method used in this study is the Partial Least Square (PLS) approach. PLS is a component or variant-based Structural Equation Modeling (SEM) equation model. PLS-SEM analysis uses two sub-models, namely the measurement model or the outer model and the structural model or the inner model. Data analysis in this study was carried out using Smart PLS V.3.0 software which was run with computer media

RESULTS AND DISCUSSIONS

Descriptive statistical analysis is used to determine the description of a data that is seen from the maximum value, minimum value, mean value, and standard deviation value.

Table 1. Descriptive statistics

Variabel	N	Minimum	Maximum	Mean	Std. Deviation	Category
Digital Marketing (X ₁)	100	5.00	25.00	19.51	4.59	Prover
Enterpreunal Networking (X ₂)	100	12.00	30.00	23.24	4.80	Prover
Business Performance (Y)	100	8.00	40.00	31.84	6.52	Prover
QRIS (Z)	100	16.00	45.00	35.60	7.02	Prover
Valid N (listwise)	100					

Outer Model Test results consist of convergent validity test by observing factor loading and numerical values of AVE, discriminant validity test by observing cross loading value, and reliability test by observing the cornbach alpha value and composite reability value has been fulfilled. Inner Model Test results which consist of R-Square determination coefficients have been fulfilled and pay attention to Coeficient Path to determine the positive / negative direction.

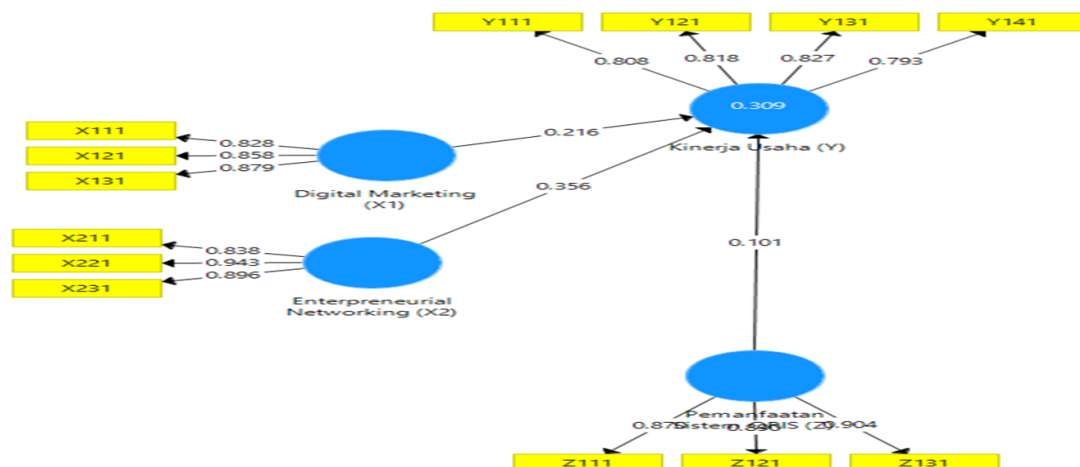


Fig. 1 PLS Algorithm Calculation

$$Y = 0.216X_1 + 0.356X_2$$

Based on Figure 1, it is known that the coefficient value of the Digital Marketing variable is 0.216 which is positive, meaning that every increase in the value of Digital Marketing by one unit will increase the value of the MSME Business Performance variable by 0.216% with the assumption that the variables in the model are fixed. This value can be interpreted as the Digital Marketing variable has a positive effect on the Business Performance variable.

The coefficient value of the Enterpreunial Networking variable is 0.356, which is positive, meaning that each increase in the value of Enterpreunial Networking by one unit will increase MSME Business Performance by 0.356% assuming the variables in the model are fixed. This value can be interpreted as the Enterpreunial Networking variable has a positive effect on the MSME Business Performance variable.

Table 2. Nilai Cross Loadings

Indikator	Digital Marketing (X _i)	Enterpreneurial Networking (X ₂)	Business Performance (Y)	QRIS (Z)
X112	0.850	0.537	0.699	0.543
X121	0.899	0.635	0.721	0.489
X122	0.883	0.554	0.625	0.465
X211	0.521	0.809	0.673	0.620
X212	0.547	0.854	0.648	0.573
X221	0.508	0.865	0.669	0.519
Y111	0.533	0.725	0.836	0.582
Y112	0.464	0.669	0.794	0.517
Y121	0.559	0.665	0.853	0.576
Y122	0.614	0.731	0.813	0.565
Z111	0.597	0.562	0.548	0.783
Z112	0.483	0.602	0.548	0.865
Z121	0.500	0.552	0.525	0.911

Source: research results, 2022 (data processed using SmartPLS)

Based on the cross loading value in Table 2, it can be concluded that the correlation of each indicator with its construct is higher than the other constructs and each construct has a cross loading value > 0.7 as a condition for the fulfillment of discriminant validity. This shows that the latent construct can predict indicators in its own block better than indicators in other blocks and based on discriminant validity all indicators are valid.

Table 3 Nilai Composite Reliability

Variabel	Composite Reliability	Keterangan
Digital Marketing (X ₁)	0.938	Reliabel
Enterpreneurial Networking (X ₂)	0.919	Reliabel
Business Performance (Y)	0.916	Reliabel
QRIS (Z)	0.942	Reliabel

Source: research results, 2022 (data processed using SmartPLS)

Based on Table 3, it can be seen that the composite reliability value of each construct is above 0.70, so it can be stated that the indicators used in this study have met good reliability (reliable).

Table 4. Nilai Avarage Variance Extracted (AVE)

Variabel	Nilai AVE	Keterangan
Digital Marketing (X ₁)	0.752	Valid
Enterpreneurial Networking (X ₂)	0.695	Valid
Business Performance (Y)	0.645	Valid
QRIS (Y)	0.765	Valid

Source: research results, 2022 (data processed using SmartPLS)

Provisions regarding the measurement parameters (rule of thumb) of the measurement model (outer model) that the AVE is considered to have met convergent validity if the AVE value is greater than 0.50 (Ghozali and Hengky, 2015). So based on the table of AVE values above, it can be seen that the AVE value of each construct is valid. So that the construct has met convergent validity.

Tabel 5. Nilai R-Square Tanpa Efek Moderasi

Variabel	R-Square
Business Performance	0.667

Source: research results, 2022 (data processed using SmartPLS)

Based on Table 5, the R-Square in the model is 0.667, meaning that Digital Marketing, Entrepreneurial Networking are able to explain Business Performance MSME by 66.7%, this is because the R-square value is greater than 50%, if R -square below 50% then the independent variable is said to be less able to explain the dependent variable. The remaining 33.3% is influenced by other variables not included in the research model.

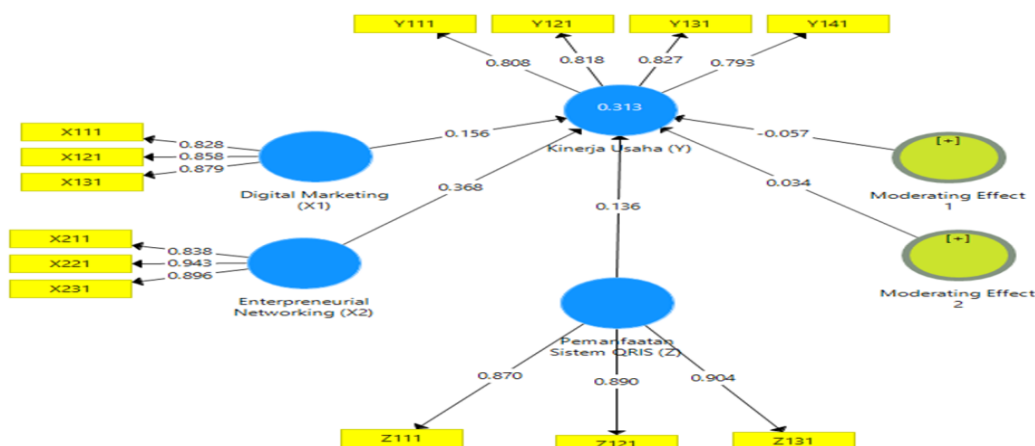


Figure 2. Path and R-square Coefficient Values with Moderating Effect

$$Y = 0.156X1 + 0.368X2 + 0.631Z + 0.056 * X1 + 0.034Z * X2$$

Based on Figure 2, it can be seen that the most dominant factor in influencing Business Performance is Entrepreneurial Networking (X2) with the highest path coefficient of 0.368.

Table 6-Square dengan Efek Moderasi

Variabel	R-Square
Business Performance	0,668

Source: research results, 2022 (data processed using SmartPLS).

Based on Table 6, the R-Square on the model is 0.668, meaning Digital Marketing* Entrepreneurial Networking, *Digital Marketing, able to explain MSME Business Performance by 66.8%, this is because the R-square value is greater than 50%, if the R-square is below 50% then the independent variable is said to be less able to explain the dependent variable. The remaining 33.2% is influenced by other variables not included in the research model, such as the policy framework.

Hypothesis testing

Hypothesis testing is done by looking at the t-statistics value generated from the bootstrapping process. The hypothesis is accepted (supported) if the t-statistic value is greater than 1.96 with a significance level of 5% (two tailed).

Tabel 7. T-statistics

Eksogen	-->	Endogen	Path Analysis	T Statistik	P Values	Kesimpulan
Digital Marketing (X1)	-->	Business Performance (Y)	0.286	3.869	0.000	Accepted
Enterprenurial Networking (X2)	-->	Business Performance (Y)	0.227	2.285	0.006	Accepted
Digital Marketing (Z)	-->	Business Performance (Y)	0.324	2.579	0,010	Accepted

QRIS * Digital Marketing	-->	Business Performance (Y)	0.083	2.927	0.041	Accepted
QRIS * Enterprenurial Networking	-->	Business Performance (Y)	0.041	2.509	0.031	Accepted

Source: research results, 2022 (data processed using SmartPLS)

Digital Marketing, Enterprenurial Networking has a significant positive effect on Business Performance because it has a t-statistic value above 1.96 and a p-value <0.05. QRIS is able to moderate the Digital Marketing, Enterprenurial Networking, more than 1.96 and p-value is <0.05

CONCLUSION

First, Digital Marketing has a significant positive effect on the Business Performance of MSMEs in Medan City. Second, Entrepreneurial Networking has a significant positive effect on the Business Performance of MSMEs in Medan City. Third, QRIS can moderate the relationship between Digital Marketing and Entrepreneurial Networking on MSME Business Performance in Medan City. The limitations of this study are the respondents' answers in answering the questionnaire which are less accurate, answering each question cannot be separated from the perception of each respondent and is subjective. The research population is only limited to MSMEs in Medan Amplas City. This study does not consider other variables that may affect the Business Performance of Medan City MSMEs.

Based on the limitations of the research presented, the researcher hopes that this research can be useful as input. Further researchers can increase the number of independent variables that are becoming a phenomenon that is able to affect the business performance of MSMEs in the city of Medan and increase the number of research respondents. For MSME actors to pay attention to the use of entrepreneurial networking, competitive advantage and digital marketing that is able to increase the quantity and quality of MSME Business Performance.

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