

The Effect of Digital Transformation, Digital Leadership, Entrepreneurial Motivation, and Entrepreneurial Interest on MSMEs' Business Performance

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Abstract

Research studies on digital transformation, digital leadership, entrepreneurial interest, and entrepreneurial motivation on MSMEs' business performance have never been carried out until now so this research was carried out as the basis. This study aims to analyze the relationship of digital transformation to MSMEs' business performance, digital leadership to MSMEs' business performance, entrepreneurial interest in MSMEs' business performance, and entrepreneurial motivation to MSMEs' business performance. This research method is a quantitative survey method. The research data was obtained by distributing online questionnaires via social media to 780 MSMEs' owners who were determined by the simple random sampling method. The research questionnaire was designed using a Likert scale of 1 to 7. Data analysis used a partial least square structural equation modeling with the SmartPLS software tool. The stages of data analysis are validity test, reliability test, and significance test or hypothesis test. Based on data analysis, it can be concluded that digital transformation has a positive and significant influence on MSMEs' business performance, digital leadership has a positive and significant influence on MSMEs' business performance, entrepreneurial interest has a positive and significant influence on MSMEs' business performance and entrepreneurial motivation has a positive and significant influence on performance MSMEs' business. The practical implications of this research are that to encourage an increase in MSMEs' business performance it is necessary to encourage an increase in the variables of digital transformation, digital leadership, entrepreneurial interest, and entrepreneurial motivation. The novelty of this research is the creation of a new model of the relationship between digital transformation variables, digital leadership, entrepreneurial interest, and entrepreneurial motivation on MSMEs' business performance.

Keywords: *Digital Transformation, Digital Leadership, Entrepreneurial Interest, Entrepreneurial Motivation, Business Performance.*

Introduction

The growth of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia has increased, there are 59.2 million MSMEs in Indonesia engaged in the formal and informal sectors. This data shows the important role of women entrepreneurs in driving the nation's economy. In the era of the Covid-19 pandemic, the emergence of this business has become commonplace. According to Abbu et al. (2022), The current crisis has even sparked the emergence of new forms of creativity. Many people start small businesses in the fields of e-commerce, culinary, crafts, and other fields. Data from IWAPI shows the number of women entrepreneurs in the formal sector in MSMEs' and large companies is around 400,000, not to mention that in the informal sector, the figure could be even greater. The Industrial Revolution 4.0 (IR4.0) requires companies to increase their competitiveness, in addition to products and services, but also their human resources must be competitive. According to Arijanto (2023), Human resources are the most important part of any organization, and if this part is of higher quality the chances of success for the organization will increase. In addition to increasing company competitiveness, competitive strategy and management practices also play a role in increasing competitive advantage.

According to Chatterjee et al. (2023) One of the benefits of IR4.0 is being able to meet individual customer needs, engineering and business processes become dynamic and decision-making becomes more optimal,

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giving rise to new business models and new ways to create added value. The impact of digital technology through the Internet and cloud is bringing new paradigms across all industries. The Internet created a borderless economy and a whole new thought and resulted in the information age turning into the conceptual age era. The Industrial 4.0 era, which is a digital era that focuses on mastering the latest technology and globalization which increasingly eliminates territorial boundaries between countries and other economic boundaries, demands the readiness of a country's resources. According to Diller et al. (2020), Digital transformation not only in private organizations but also at the level of individuals and public organizations Digitization, digitization, and digital transformation will take advantage of the consumption of technology products and make work-from-home the best alternative for work arrangements in organizations. Utilization of information technology in various fields is of course very helpful for organizations to obtain the expected goals. Along with the development of the 4.0 industrial revolution and the 4.0 government revolution, it became fundamental in the transformation of government in adopting the use of technology. It is hoped that with the help of information technology, it will simplify and speed up the delivery of services. According to Desky et al. (2020), the Industrial Revolution 4.0 encourages automation systems at all stages of public services through information systems that combine resources, information technology, and information relations. According to Eryeşil (2021), These reforms resulted in the successful installation of a fairly advanced digital government infrastructure. It is universally accepted that digital technologies increase administrative accountability, efficiency, and transparency, help reduce expenses, and lead to better governance.

According to Hanandeh et al. (2023), The role of leadership in implementing digital transformation in the government sector is certainly a necessity. Leadership is central in adopting the use of technology in the industrial era 4.0. In the digital age, leaders need to be well-equipped with digital and emotional agility to operate in uncertain and complex environments. Today, in process decision-making and innovation, efficient leaders operate in rapid learning cycles. Digital leadership is a combination of leadership styles and the use of digital technology in realizing digital transformation. A digital leader must have characteristics and behaviors that enable him or her to achieve digital transformation goals. The application of digital technology encourages organizations to have new capabilities so they can improve the performance of their systems. According to Frendiana et al. (2022) benefit from digital transformation, organizations need to align information technology in developing business strategies and also have adequate capabilities. Changes in leadership, strategic thinking, and a culture that supports innovation are critical to digital transformation. Businesses can undertake digital transformation for several reasons. According to Kadiyono et al. (2020) The Enterprisers Project, digital transformation is the integration of digital technology into all business areas, fundamentally changing the way we operate and deliver value to customers. It is also a cultural shift that requires organizations to continually challenge the status quo, experiment, and be comfortable with failure. According to Kurniawan et al. (2022), Digital technology implementation requires resources and systems that are aligned with the way technology is reshaping industries. It is undeniable that there will be obstacles that need to be considered by business owners who decide to take advantage of digital transformation in their business operations. Most of these challenges may be related to organizational culture, while others may stem from a lack of ability to afford new technological equipment or having unskilled employees to lead change. Therefore, these challenges need to be addressed and identified. When an organization has achieved true unified digitization, systems for the entire organization can be set up seamlessly, and the impact of new tools can occur faster than ever.

At this time, leaders need to understand digital transformation which can make it easier for leaders to access all the work assigned to all employees in an organization, therefore the role of leaders in the success of digital transformation in an organization is highly anticipated.

With today's technological modernization, leaders must be able to join in with digital transformation in supporting change, policy, and technology, and controlling and supervising the implementation of activities within the organization.

Digital leaders are currently needed to accelerate the digitalization process of leadership transformation in organizations because leaders are one of the keys to the success of transformational digitalization leadership.

Literature Review and Hypothesis Development

Digital Transformation

Digital transformation consists of the combined effect of several digital innovations and technologies that create new structures, practices, values, arrangements, and beliefs that change, replace, or complement existing rules in organizations, ecosystems, and industries. According to Hanandeh et al. (2023), Digital transformation is important for all industrial companies and government sectors that rely heavily on systems, IT, strategy, and human resources. According to Frenadiana et al. (2022), Digital transformation is about releasing value from business processes returning it to customers, and using data and analytics to create new and innovative experiences. The digital transformation journey will make analytics-driven organizations and embedding AI technologies a habit. Digital transformation is widely regarded as a driver of change in all contexts, especially in the business context, and affects all aspects of human life based on the use of technology and digitalization. According to Kurniawan et al. (2022), Digital technologies have transformed the public sector by influencing the applications, processes, culture, structure responsibilities, and duties of civil servants. Digital transformation can be defined as the modification (or adaptation) of business models, resulting from the dynamic pace of technological progress and innovation that triggers changes in consumer and social behavior.

According to Kokot et al. (2021), The process of digitization which is the diffusion of technology is now unavoidable. The Covid-19 pandemic has become a massive driver in the process of digital transformation which is happening more quickly. According to Mihardjo et al. (2018) state that an important contextual dimension when examining digital transformation relates to the country or region where the transformation takes place. The impact of digital transformation on organizations can appear in different ways and situations. The biggest influence expected is the change and increase in the proportion of organizational values, the way of service to customers, the resources owned, and the ability to identify customer segments. Several studies have documented that cultural, socioeconomic, and political elements can have a profound effect on what organizations do with new digital technologies, as well as how they leverage them. According to Martins et al. (2019); and Mihardjo et al. (2018) explained that digital technology is a tool that no longer uses human manual labor, it has changed to using an automatic operating system using a computerized system and other computer-readable formats. Martins et al. (2019) classify transformation into three main areas which include: customer experience, operational processes, and business models. According to Martins et al. (2019) states that companies must compete and can create competitive advantages through the business models they design. Magesa et al. (2022) state that business models represent how companies create and provide value to consumers who then pay and provide benefits to the company. Digital transformation is the most important stage because this situation describes how the company moves towards a new business direction. According to Lusiani et al. (2020); and Martins et al. (2019) digital transformation introduces new business models by involving new business logic to create value. According to Kokot et al. (2021), digital transformation is a change/organizational metamorphosis involving several aspects including human resources, strategies, processes, and structures through the process of adopting technology to improve organizational performance. Based on the theoretical analysis and previous research, the following hypotheses are obtained:

H1: Digital transformation has a positive and significant impact on MSMEs' business performance

Digital Leadership

According to Purwanto et al. (2023); and Promsri(2019) digital leaders are visionaries, change motivators, able to combine ideas in business for projects, and build connections through creating new opportunities for partnerships/joint ventures/outsourcing and other forms of collaboration. According to Sunarsi et al. (2020); and Türk (2023) digital leadership criteria consist of 5 characteristics: a. Thinking, namely the ability to deal with market changes and competition b. Creative, namely digital leaders who have a mindset of creativity and innovation to formulate new ideas into reality c. Visionaries are digital leaders who can provide direction and act as orchestrators in transforming digital businesses. d. Curiosity is using a complex

ecosystem and moving forward because of the Volatility, Uncertainty, Complexity, and Ambiguity (VUCA) factors. A digital leader must have the ability to learn. e. Profound Leader is a digital leadership style that can lead in complex situations by having in-depth knowledge and understanding and using that knowledge for interpretation, and synthetic thinking to make decisions. Leadership as a key mechanism for increasing corporate excellence. The role of the leader makes the organization win in a world that is increasingly dominated by digital technology. The high development of technology certainly requires special abilities for leaders to master technology. Digitally transforming employees is one of the effective strategies to stay ahead. In digitally transforming employees, a leadership style is needed that can prepare employees for transformation, or is called digital leadership. Digital leadership capabilities combine visionary leadership and transformational leadership with a digital attitude. Based on the theoretical analysis and previous research, the following hypotheses are obtained: e skills consisting of digital knowledge and digital experience.

H2: Digital leadership has a positive and significant impact on MSMEs' business performance

Entrepreneurial Motivation

According to Rosita et al. (2022); Sunarsi et al. (2020); and Türk (2023) motivation is an encouragement in a person to do something, for example, to become a young entrepreneur. Some people who are successful in this world are mostly those who have strong motivation, so there is something that drives them to do or achieve something. Therefore, the stronger one's motivation, the higher the chances of success. That's where it shows the importance of motivation and the importance of maintaining motivation in every action. According to Purwanto et al. (2023); Promsri(2019); and Rosita et al. (2022) research, motivation in entrepreneurship is related to the achievements to be achieved, such as market recognition and opportunities. Motivation is not only to achieve goals but also to seek information related to entrepreneurship opportunities so that confidence can be formed in achieving all of these things. Based on the theoretical analysis and previous research, the following hypotheses are obtained:

H3: Entrepreneurial interest has a positive and significant impact on MSMEs' business performance

Entrepreneurial Interest

According to Schiuma et al. (2022), Entrepreneurial interest is a person's interest in creating a business by seeing the opportunities that exist around him and having the courage to take risks that may occur in running a business. Students who are interested in entrepreneurship will be seen in behavior that shows a desire that arises from within by daring to take risks and be responsive in dealing with existing opportunities. According to Wasono et al. (2018); and Weber et al. (2019) The essence of the interest in entrepreneurship is the encouragement and interest of a person to take innovative and creative actions in utilizing resources in the form of labor, raw materials, and capital to produce a new product for the achievement of individual and social welfare. Several variables are thought to influence student entrepreneurship interest, including learning student entrepreneurial motivation. Student entrepreneurial motivation is thought to influence student entrepreneurship interest. Motivation is a driving force or propulsion for a person to behave in a certain way which can arise from within or outside the individual. Motivation is encouragement from both others and from oneself to do a job consciously and enthusiastically to achieve certain targets. This urge is in a person who moves to do something that is following his inner urge. The way to measure interest in entrepreneurship Wasono et al. (2018); and Weber et al. (2019) that interest in entrepreneurship can be measured by 1) making work choices; 2) feeling interested in entrepreneurship; 3) feeling happy to do entrepreneurship; 4) desire to be self-employed; 5) Dare to take risks to achieve success. Indicators of interest in entrepreneurship According to Schiuma et al. (2022) are choosing a business path rather than working with other people, choosing a career as an entrepreneur, wanting to become a business owner, wanting to earn profits through your own business, liking to control time at work and planning to start a business. Meanwhile, According to Wasono et al. (2018); and Weber et al. (2019) indicators of interest in entrepreneurship are 1) a strong will to achieve goals and necessities of life; 2) strong belief in self-power; 3) honest and responsible attitude; 4) physical and mental endurance; 5) perseverance and tenacity in

working and trying; 6) creative and constructive thinking; 7) future-oriented; 8) Dare to take risks. Based on the theoretical analysis and previous research, the following hypotheses are obtained:

H4: Entrepreneurial motivation has a positive and significant influence on MSMEs' business performance

Business Performance

According to Diller et al. (2020); Desky et al. (2020); Eryeşil (2021) performance comes from the notion of performance. As for the notion of performance as a result of work or work performance. However, performance has a broad meaning, not only the result of work but how the work process takes place. As for another opinion expressed by Desky et al. (2020); Eryeşil (2021) performance is the result of work that has a relationship with the strategic goals of the organization, customer satisfaction, and contributes to the economy. According to Desky et al. (2020); Eryeşil (2021) defines it as a business performance level measurement including sales turnover, number of buyers, profits, and sales growth. Organizational performance often referred to as business or company performance is an indicator of the level of success in achieving company goals. Good company performance shows the success and efficiency of company behavior. In this study, company performance is divided into 3 dimensions.

According to Desky et al. (2020); and Eryeşil (2021) namely company innovation, profitability, and outcomes of cost improvement. Business performance is an achievement achieved by a company which is the main key for companies to survive in the global era. Business performance directs business people to run a better business, by implementing a management system that is structured to achieve company goals. Business performance is identified as the achievements achieved in running the business. The business performance measurement tool used is based on the theory of Kaplan and Norton in 1996, namely the Balance Scorecard. These measurements are measured by looking at from four perspectives, namely finance, customers, internal business, and growth and learning. Meanwhile, According to Abbu et al. (2022); Ariyanto (2023); and Eryeşil (2021) that the dimensions of performance include financial performance and non-financial performance. Financial performance includes market performance in this case revenue and profit and an increase in owned assets. Meanwhile, the non-financial performance includes product quality, customer satisfaction, market expansion, improvement of human resources, reputation, and social contribution.

Method

This research method is a quantitative survey method. The research data was obtained by distributing online questionnaires via social media to 780 MSME owners who were determined by the simple random sampling method. The research questionnaire was designed using a Likert scale of 1 to 7. Data analysis used a partial least square (PLS) structural equation modeling (SEM) with the SmartPLS software tool. The stages of data analysis are validity test, reliability test, and significance test or hypothesis test.

The research hypothesis is:

H1: Digital transformation has a positive and significant impact on MSMEs' business performance

H2: Digital leadership has a positive and significant impact on MSMEs' business performance

H3: Entrepreneurial interest has a positive and significant impact on MSMEs' business performance

H4: Entrepreneurial motivation has a positive and significant influence on MSMEs' business performance

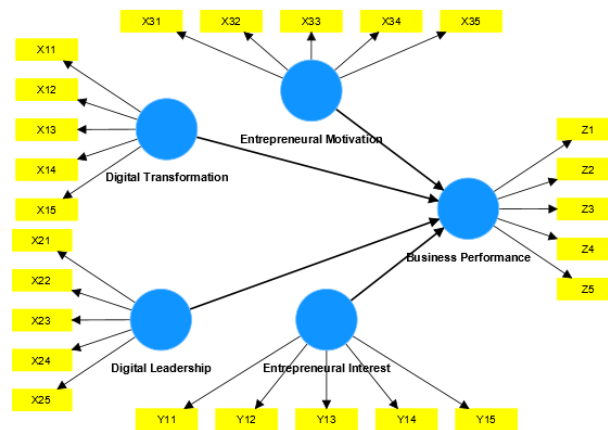


Fig 1. Research Model

Result and Discussion

Evaluation of the Measurement Model (Outer Model)

The outer model often also called (the outer relation or measurement model) defines how each indicator block relates to its latent variable, or it can be said that in the outer model research will assess the extent to which the indicator can explain the variable.

Convergent Validity

In this test, the outer model is assessed by looking at the convergent validity (the magnitude of the loading factor for each construct). Loading above 0.70 is highly recommended, however loading factors of 0.50 – 0.60 can still be tolerated as long as the model is still in the development stage. Estimation of the outer loading shows that the loading factor is above 0.7.

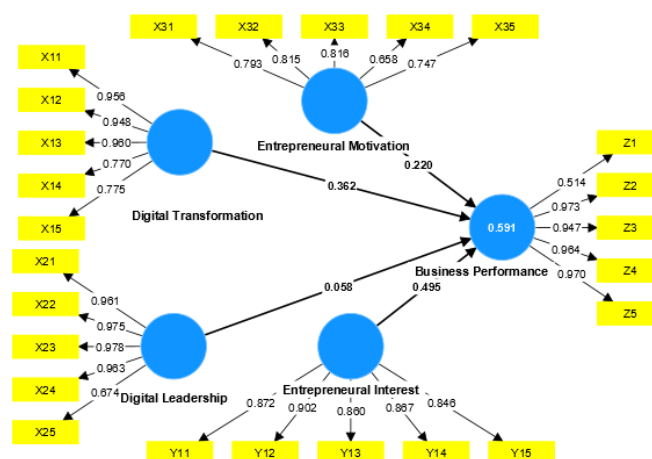


Fig 2. Outer model Testing

Composite Reliability

The reliability construct of this study can use a composite reliability value with the required value above 0.70. based on the results of the analysis it is known that:

Table 1. Cronbach Alpha

Variable	Composite Reliability
Digital Transformation	0.923
Digital Leadership	0.964
Entrepreneurial Motivation	0.953
Business Performance	0.954
Entrepreneurial Interest	0.943

The results of the composite reliability test show that the three research variables show a level of reliability that is above what is required.

Discriminant Validity

To test discriminant validity in this study, the average variant extracted (AVE) value is used, which requires that the AVE value must be above 0.50. then the PLS output results for the AVE value can be seen in the table below:

Table 2. Average Variant Extract (AVE)

Variable	AVE
Digital Transformation	0.821
Digital Leadership	0.713
Entrepreneurial Motivation	0.744
Business Performance	0.732
Entrepreneurial Interest	0.721

The results of the data summary in Table 2 show that the AVE values for all variables are at a predetermined minimum limit, which is above 0.5. The results of this analysis show that each variable has good discriminant validity.

Evaluation of the Structural Model (Inner Model)

The inner model which is sometimes also called (inner relations, structural model, and substantive theory) describes the relationship between latent variables based on substantive theory. Below is the estimation result of the research model which was developed from the theoretical constructs that had previously been built and describes the relation between the research variables.

Test The Goodness of The Model (Goodness of Fit)

The results of the assessment based on estimates with the smartPLS program obtained the R square value as follows:

Table 3. R Square

Variable	Nilai R-Square
Business Performance	0.591

The table above shows the variability that can form a Business Performance of 59.1%

Hypothesis Testing

This hypothesis test will be carried out by reviewing the t-statistical value and the P-value. In this test, the hypothesis can be said to be accepted if the P-value is < 0.05 . The following table presents the accumulated t-statistic and t-table values.

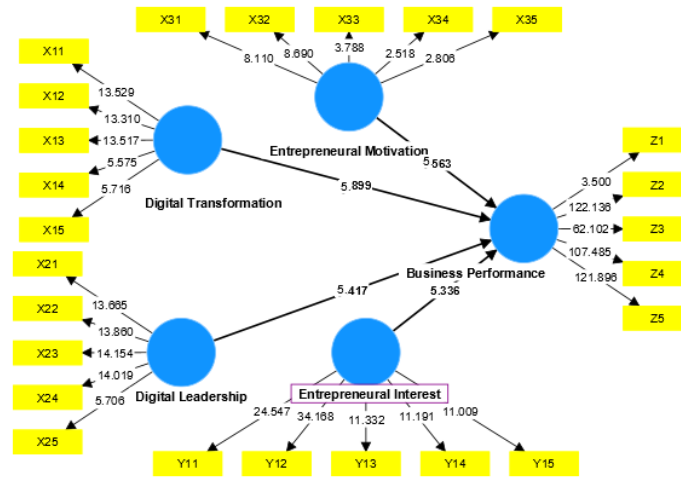


Fig 3. Inner Model Testing

Table 4. T-statistic dan p-value

Exogenous	Endogenous	T-Statistic	p-values	Conclusion
Digital Transformation	Business Performance	5.899	0.000	Significant
Digital Leadership	Business Performance	8.417	0.000	Significant
Entrepreneurial Motivation	Business Performance	5.563	0.000	Significant
Entrepreneurial Interest	Business Performance	5.336	0.000	Significant

The test results explain the influence generated by Digital Transformation on Business Performance and the estimation results show that Digital Transformation has an impact on Business Performance. This refers to the p-values of the Digital Transformation hypothesis variable on Business Performance which has p-values less than 0.05. The conclusion from testing this hypothesis is that Digital Transformation has a significant effect on Business Performance.

The test results explain the influence generated by Digital Leadership on Business Performance the estimation results show that Digital Leadership influences Business Performance. This refers to the p-values of the Digital Leadership variable hypothesis on Business Performance which has p-values less than 0.05. The conclusion from testing this hypothesis is that Digital Leadership has a significant influence on Business Performance.

The test results explain the influence generated by Entrepreneurial Motivation on Business Performance the estimation results show Entrepreneurial Motivation influences Business Performance. This refers to the p-values of the hypothesis variable Entrepreneurial Motivation on Business Performance which has p-values less than 0.05. The conclusion from testing this hypothesis is that Entrepreneurial Motivation has a significant effect on Business Performance.

The test results explain the influence generated by Entrepreneurial interest on Business Performance the estimation results show Entrepreneurial interest influences Business Performance. This refers to the p-values of the hypothesis variable Entrepreneurial interest on Business Performance which has p-values less than 0.05. The conclusion from testing this hypothesis is that Entrepreneurial interest has a significant influence on Business Performance.

The Relationship Between Digital Transformation and Business Performance

that digital transformation not only introduces new technology to existing business activities but also provides convenience in the process of redesigning all business models to suit customer needs. The social restriction policy triggers changes that have occurred in customer needs and behavior, which currently tends to use digital as a tool for interaction, this is one of the triggers for accelerating digital transformation. In addition to the development of digital technology and intense competition, it has also become a trigger for accelerating digital transformation. According to Diller et al. (2020); Desky et al. (2020); Eryeşil (2021) digital transformation consists of 3 phases including digitization, digitalization, and digital transformation. Digitization is the act of converting analog information into digital information, digitization describes how information technology or digital technology can be used to change existing business processes, while digital transformation is a company-wide phenomenon with wide-ranging organizational implications where the company's core business model can change through the use of digital technology. According to Abbu et al. (2022); Ariyanto (2023); and Chatterjee et al. (2023) mentioned the next digital transformation phase for mapping needs, they chose several categories in the phase including (1) defining the strategy and milestone phases, the important targeting phase strategy, the information technology integration phase, and the full implementation phase.

According to Kadiyono et al. (2020); and Kurniawan et al. (2022) stated that digital transformation is the use of technology aimed at improving the performance and outreach of companies by radically changing customer relationships, internal processes, and value propositions. According to Hanandeh et al. (2023), digital transformation is a process that aims to improve certain organizations, resulting in significant changes in their characteristics with a combination of information technology, computing, communication, and connectivity. Digital transformation is “an evolutionary process that leverages digital capabilities and technologies to enable business models, operational processes, and customer experiences to create value”. The digital transformation of an enterprise is defined as the use of new digital technologies, such as social media, mobile, analytics, or embedded tools that enable business enhancements. At the organizational level, According to Haudi et al. (2022); Kadiyono et al. (2020); and Kurniawan et al. (2022) state that digital transformation is a process whereby the combination of technologies generates and reinforces divisions in society and industry, triggering the need for strategic responses within organizations. With the use of digital technology, they can change the way they create value to remain competitive

The Relationship Between Digital Leadership and Business Performance

If the company's digital leadership goes well, the company's competitiveness will increase. If viewed from the outer loading value, the creative indicator in the digital leadership variable has a dominant value. This means that leaders who have a creative mindset can change employee work patterns towards digitalization. Transforming employee work patterns towards digitalization has become a competitive advantage for a company in a dynamic era. This supports the concept put forward by According to Hanandeh et al. (2023); Haudi et al. (2022); Kadiyono et al. (2020); and Kurniawan et al. (2022) that one competitive advantage can be obtained from the superior expertise possessed by existing human resources. Thus digital leadership is an important mechanism for increasing competitive advantage.

According to Hanandeh et al. (2023); and Frendiana et al. (2022) The pace of change in the field of information technology is currently unstoppable. These changes are accelerating by changing exponentially. The main trend of change over the last 10 years in technology has changed society in utilizing technology functions in organizations and offices. Meanwhile, technology has developed to provide convenience in providing cheap and fast services. The implementation of information technology in the government sector is an obligation to adapt to the pace of technological development. Because the pace of change is increasing and we are turning to society digital, will likely see the back of the office building as a virtual and augmented reality that will provide a collaborative environment. The adoption of artificial intelligence will help leaders in the government sector make decisions to solve problems. Digital leadership in a nutshell can be seen in Figure 2, where future digital leaders will a) build digital organizations, b) integrate and leverage technology trends and c) develop a deep understanding of the people involved (themselves, their teams, and stakeholders) and their customers

Relationship Between Entrepreneurial Motivation and Business Performance

According to Kokot et al. (2021), motivation is an encouragement in a person to do something, for example, to become a young entrepreneur. Some people who are successful in this world are mostly those who have strong motivation, so there is something that drives them to do or achieve something. Therefore, the stronger one's motivation, the higher the chances of success. That's where it shows the importance of motivation and the importance of maintaining motivation in every action. According to Magesa et al. (2022); Martins et al. (2019); and Mihardjo et al. (2018) research, motivation in entrepreneurship is related to the achievements to be achieved, such as market recognition and opportunities. Motivation is not only to achieve goals but also to seek information related to entrepreneurship opportunities so that confidence can be formed in achieving all of these things.

Relationship Between Entrepreneurial Interest and Business Performance

According to Martins et al. (2019); and Mihardjo et al. (2018) is a tendency to pay attention and act attentively and act towards people, activities, or situations that are the object of the interest accompanied by feelings of pleasure. According to Magesa et al. (2022); and Mihardjo et al. (2018) interest is something that arouses attention to something. According to Mihardjo et al. (2018), interest in entrepreneurship is the desire, interest, and individual willingness to work hard to fulfill their life needs without fear of the risks that will occur. Entrepreneurial interest comes from within a person to create a field of business. Indicators of interest in entrepreneurship are disclosure or speech (expressed interest) where one's entrepreneurial interest can be expressed in certain words A person who has an interest in entrepreneurship will be expressed (expressed interest) with speech or disclosure. For example: someone who is interested in entrepreneurship in the food sector then says he wants to open a restaurant. Actions or deeds (manifest interest), if someone wants to express his interest with actions or actions that are following the interests he wants. In addition, if someone has an interest in entrepreneurship they will take actions that support these efforts.

According to Wasono et al. (2018); and Weber et al. (2019) Therefore, someone's actions based on certain motivations contain themes according to the underlying motivation. Motivation is an element that stimulates the desire (want) driving force of one's will to work towards a certain goal to be achieved. The role of motivation in entrepreneurship can be analogized as fuel for someone who is creative and innovative and faces risks capable of creating opportunities to become a business that generates value or profit. continuity of entrepreneurial activity which gives direction to the driving machine. According to Schiuma et al. (2022), Adequate business motivation will encourage active behavior in entrepreneurship. Motivation is the driving force of one's will to work towards the goals achieved. Entrepreneurs are people who have creativity and innovation so they can explore and find opportunities and turn them into businesses that generate value or profit. Entrepreneurship is an entrepreneurial activity so that the desired goals can be achieved. Business motivation is a willingness to try as optimally as possible in achieving organizational goals which is influenced by the ability of businesses to satisfy some individual needs). Thus, entrepreneurial motivation is the driving force within an entrepreneur to achieve goals.

Transformation in the digital world in the current era is a necessity and this event is a form of evolution. Even the program launched by the United Nations (UN) in 2015 called the Sustainable Development Goals (SDGs) emphasizes technology and connectivity. In terms of technology and connectivity, it will indirectly lead to the use of internet technology by many people. Using Internet technology can be understood as a form of skill from manual to digital use. Many things need to be adjusted to suit the ethos that is called digital, one of which is to first understand the meaning of digital itself and related issues. E-leadership capability is defined as the way leaders use information technology to achieve government goals. According to Martins et al. (2019); and Mihardjo et al. (2018) Each government depends on the level of e-government it has, and the quality of e-government varies. A successful digital transformation means bringing a very different way of working within an organization. The use of information technology in facilitating services is a very important part of a government organization in the field of public services. To realize this, of course, a leader who can lead and utilize digital technology is needed to improve organizational performance

According to Purwanto et al. (2023); Sunarsi et al. (2020); Türk (2023) The goal of digital transformation for companies and organizations is clearly to save money by creating digital services that are good for many people to use. Service orientation to consumers by Amazon and Netflix where they don't need to train people to use the services they create, makes these two companies actively schedule the needs of their service users. According to Promsri(2019); and Rosita et al. (2022) Digital implementation in the government sector will provide enormous benefits. Digitalization will facilitate and accelerate the process of public services and decision-making. Implementation is the only way to translate policy ideals into policy reality and policy goals into policy benefits. The fact that a policy is created does not mean that it is implemented automatically; there is a gulf between the two. Therefore, implementation competence is the ability to implement policies and achieve the goals that have been set. The success of implementing e-government cannot be separated from the importance of a person's role leader. Digital transformation in the government sector can be realized if there is a great desire by its leaders to carry it out. According to Purwanto et al. (2023), several components can be done to realize the success of e-government, namely (1) Strong leadership influences the success of e-government, (2) Vision and mission influence the success of E-Government, (3) Commitment Affects the Success of E-Government, 4) Aligning information technology goals and strategies affect the success of e-Government and (5) Functions of leadership influence the success of E-Government

Conclusion

Based on data analysis, it can be concluded that digital transformation has a positive and significant influence on MSMEs' business performance, digital leadership has a positive and significant influence on MSMEs' business performance, entrepreneurial interest has a positive and significant influence on MSMEs' business performance and entrepreneurial motivation has a positive and significant influence on performance MSMEs' business. The practical implications of this research are that to encourage an increase in MSMEs' business performance it is necessary to encourage an increase in the variables of digital transformation, digital leadership, entrepreneurial interest, and entrepreneurial motivation. The novelty of this research is the creation of a new model of the relationship between digital transformation variables, digital leadership, entrepreneurial interest, and entrepreneurial motivation on MSMEs' business performance. Facing the VUCA (Volatility, Uncertainty, Complexity, Ambiguity) era, it is undeniable that the presence of information technology, especially in MSMEs', will have a significant impact, including the ease of obtaining information, speed of service, and assisting leaders in making decisions by leveraging big data. data). The role of a leader in realizing the use of information technology in the government sector is a must. Digital leadership is an important part of implementing digital transformation in the government sector. The development of information technology requires every organization and company, including the government sector, to adopt it. However, it is important to remember that success in carrying out digital transformation in the government sector will be realized if there is an understanding of its benefits. To make it happen it is important to improve the ability of both the leader and the staff in the organization to understand the use of information technology. In addition, digital literacy and digital culture need to be built so that everyone involved understands digital transformation well.

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