Research Paper

Can Digital Orientation Assist Digital Marketing and E-Payments Perform Better for MSME Performance in Indonesia?

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Abstract

Rapid development in the perfume industry has been accompanied by accelerated digitalization, which was unexpected by most Micro, Small and Medium Enterprises (MSMEs). Many MSMEs in this sector experience problems with access and knowledge of digital technology, especially in digital marketing and e-payment. Most MSME players are still learning and are slow to adopt digitalization in their perfume business. This research aims to analyze the influence of digital marketing, e-payment and digital orientation on the performance of perfume MSMEs in West Java Province. A sample of 100 respondents, company owners or managers, was selected using stratified sampling. Data analysis uses Structural Equation Modeling (SEM) and Moderated Regression Analysis (MRA). The results show that digital marketing and digital orientation have a positive and significant effect on MSME performance, while e-payment does not have a significant effect. Digital orientation also negatively and insignificantly moderates the influence of digital marketing and e-payment on MSME performance. Perfume MSMEs are advised to consider the role of digital orientation and optimize digital marketing strategies to improve their business performance.

Keywords *Digital Orientation, Digital Marketing, E-Payment, MSME Performance*

INTRODUCTION

Numerous stakeholders have emphasized the critical role of Micro, Small, and Medium Enterprises (MSMEs) and the necessity of integrating technology into their business operations. In line with this, Noor (2023) initiated the "30 Million MSMEs Go Digital by 2024" program to promote digitalization among these enterprises. MSMEs are vital to the global economy, as they are closely tied to job creation, poverty reduction, innovation, and the overall gross domestic product (GDP) (Hidranto, 2022). According to the United Nations Conference on Trade and Development (UNCTAD) in its ASEAN Investment Report, Indonesia has 65.46 million MSMEs, contributing 60.3% to the country's GDP and employing 97% of its workforce. The COVID-19 pandemic has significantly impacted nearly all industries, necessitating numerous adjustments such as staying at home and working remotely, which have consequently affected the performance of MSMEs (Astuti & Munir, 2022). This pandemic has also accelerated the digitalization process across various sectors. Amid these challenges, the rapid growth of perfume MSMEs in Indonesia showcases positive market dynamics and presents substantial opportunities for entrepreneurs in this sector. Technological advancements have simplified the design and production processes, making it more affordable for MSMEs to manufacture perfumes. Additionally, innovations in product formulation, packaging, and presentation have further supported this growth. Moreover, the development of digital platforms has enabled perfume MSMEs to access a wider market, enhancing their reach and potential for success.

However, the rapid development of the perfume industry has introduced new challenges. The swift pace of digitalization has caught many MSME players unprepared, as they often lack sufficient

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access to or adequate knowledge of digital technologies, particularly in areas such as digital marketing and electronic payments. A significant number of MSME operators remain digitally illiterate and are slow to implement digitalization within their industries (Ghobakhloo & Ching, 2019).

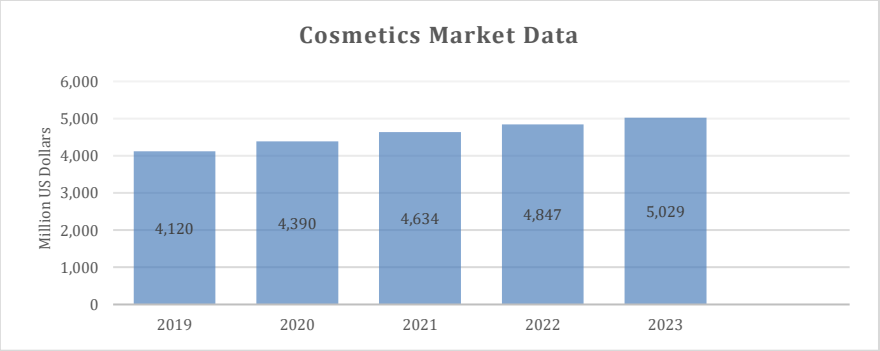

Figure 1. Cosmetics Market Data
Source: Alvina (2020)

According to Schwab (2017), to achieve high performance in the era of technological disruption, companies should integrate three key elements: 1) physical, namely utilizing the assets they own such as equipment, supplies and financial capital; 2) digital, using information technology for e-commerce or e-business, information systems or financial recording applications; and 3) biological, meaning the human resources that manage it. The relationship between digital marketing and e-payment is closely related to current digital developments and orientation in the digital era and business transformation. Digital marketing and e-payment are an integral part of the digital transformation in the business world. The digital era presents new opportunities and requires companies to adopt a holistic digital strategy. These two aspects must be interrelated to create a holistic, responsive and efficient digital business ecosystem. The integration of digital marketing and e-payment reflects the company's adaptation to changes in consumer behaviour and market needs that continue to develop in the digital era.

Based on this issue, this research aims to analyze digital orientation referring to the level of readiness, strategy and integration of digital technology in the operations and business strategy of perfume MSMEs in Indonesia, as well as optimizing their digital marketing strategies, such as the use of social media, SEO or online campaigns other as well as the use of e-payment by perfume MSMEs which can increase convenience and accessibility for customers. This study is critical as it will offer deeper insights into the digital orientation patterns of perfume MSMEs in Indonesia, examining its impact on digital marketing and the utilization of e-payment systems for business development in the digital era.

Additionally, this study is intriguing as it explores how these MSMEs can leverage digital orientation to enhance the effectiveness of their digital marketing strategies and electronic payment methods. By combining these elements, MSMEs can achieve greater business scale, increase their online presence and respond to evolving market dynamics. The findings of this research can also be applied generally to MSMEs in various sectors. Understanding the importance of digital orientation and digital marketing strategies can help MSMEs improve their business performance and sustainability in various industries.

This research addresses gaps identified in previous studies, such as the prior studies by Fatonah et al. (2018) and Kilay et al. (2022), which only discuss the e-payment variable. Meanwhile, Sok et al. (2013), Purba et al. (2021), Sedighi and Sirang (2018), Santoso (2020), and Masrianto et

al. (2022) limited their studies by only discussing digital marketing. Other research, such as that carried out by Quinton et al. (2018) and Masrianto et al. (2022), discusses digitalization and digital orientation. In contrast, Esubalew and Raghurama (2020) review the performance of MSMEs.

Hence, in alignment with the identified research gap and the aim to address it, this study presents the formulation of the problem as outlined below: Does digital marketing, e-payment, and digital orientation influence MSME performance, and does digital orientation moderate the influence of digital marketing and e-payment on MSME performance.

LITERATURE REVIEW

According to Mulyadi (2007), performance is the success of an individual, group or organization in carrying out predetermined goals through desired actions. MSME performance can be interpreted as a reflection of the success or failure of a company and also as the results achieved by the company from a series of functions or work activities within a certain period (Moeheriono, 2012; Wheelen & Hunger, 2012). Therefore, good performance in all sectors, including finance, production, distribution and marketing, is an absolute requirement for MSMEs to continue to live and develop and to optimize the goals of all MSMEs. Digital marketing is all efforts made in marketing using devices connected to the internet with various strategies and digital media to communicate with potential consumers using online communication channels. Digital marketing consists of activities, institutions, and processes facilitated by digital technology to communicate, create, and deliver value to consumers and other interested parties (Kumar et al., 2016).

On the other hand, electronic payment is a payment mechanism that uses electronic media and does not involve cash (Priasukmana & Hacaryani, 2014). E-payment is a cashless payment service that aims to reduce transaction errors (Junadi & Sfenrianto, 2015). The influence of digital orientation on MSME performance creates the foundation for business growth and sustainability in the digital era. MSMEs that are able to integrate digital technology well into their business strategy tend to gain significant benefits in terms of efficiency, productivity and competitive ability. The increasing prevalence of digital technology is fundamentally changing how businesses create value. A recent practitioner study by Kane et al. (2015) revealed that around 90% of companies in various sectors and countries expect digital technology and digitalization to have an impact on their business. Therefore, according to this argument, the hypothesis that can be formulated is as follows:

The Influence of Digital Marketing on MSME Performance

Digital marketing can be interpreted as a process of buying or selling products electronically carried out by consumers to companies or consumers to consumers with the help of computer equipment and the internet. Pradiani (2017) sees the best media as the most effective and efficient means of capacity building and can increase sales volume significantly. One of the keys to digital marketing is in terms of service. Hartono and Maksum (2020) explain that online services can increase consumer confidence. MSME performance is the result obtained by an organization, whether profit-oriented or non-profit-oriented, and is produced at one time (Gozali & Nugraha, 2022). Marketing performance is defined as an effort to measure performance levels including sales volume, number of customers, profits and sales growth (Voss & Voss, 2000). According to Kim and Gao (2013), company performance indicators are profitability, revenue growth, job satisfaction, employee productivity and quality of services and products. In detailing the marketing performance, variable indicators are customer growth, sales growth, and market share. Apart from that, digital marketing has a positive and significant relationship to marketing performance (Hendrawan et al., 2019; Effendi et al., 2022).

H1a: Digital Marketing have a positive effect on MSME Performance

The Influence of E-Payment on The Performance of MSMEs

According to Nguyen and Huynh (2018), electronic payment methods include debit/credit cards, funds transfer, e-wallet, e-check, wireless payment, e-banking, online banking, m-payment, e-broking, e-finance, payment gateway, and virtual currency. The benefits of using electronic payments include time savings, reduced risk of losing money, low transaction costs, high security, data accuracy, process efficiency and increased sales (Nasr et al., 2020). E-payment services are also known as cashless payment systems, with financial transactions carried out online between buyers and sellers. Based on research by Sapian and Ismail (2021), the use of non-cash transactions impacts the performance of payment systems by increasing digital payment rates and economic growth. Research results by Putri et al. (2023) about financial technology show that, by implementing financial technology information systems, business actors can obtain positive benefits for the progress of their business and customer satisfaction. Owuso and Jaja (2022) have shown that there is a strong relationship between e-payment services and MSME performance. A study conducted by Kwabena et al. (2021) also shows that the use of digital payment systems significantly influences the performance of MSMEs in developing countries.

H1b: E-Payment has a positive effect on MSME Performance

The influence of Digital Orientation on MSME performance

The level of profit expected from operational activities is now relatively complex, so business organizations are required to look for new business opportunities. Therefore, businesses can benefit from utilizing digital orientation as a strategic step (Wiklund & Shepherd, 2005). Digital orientation drives business performance by developing and forming new idea-based knowledge that is important for creating new competencies, redesigning existing competencies, and encouraging creative attitudes in business companies (Choi & Williams, 2016). According to Grönroos (2007), the value of digital technology is the use of technology to create outcomes that the organization values. MSMEs are adopting digital technology to improve customer communications and information processing, increasing operational efficiency (Borges et al., 2021) and for organizational growth (Bhaskaran, 2013). In addition, technology can enable MSMEs to gain new organizations and improve organizations both between and within organizations (Tan et al., 2009; Polo peña et al., 2011).

H1c : Digital orientation influences the performance of MSMEs

Digital orientation moderates the influence of digital marketing on MSME performance

A study by Wardhana (2015) found that digital marketing has a mediating effect on the dynamic capabilities and performance of MSMEs. Environmental dynamics moderate the relationship between digital marketing capabilities and MSME performance (Purwanti et al., 2022; Yuliantari & Pramuki, 2022). Furthermore, a study by Heredia et al. (2022) proposed a model to explain the influence of digital capabilities on MSME performance, suggesting that digital capabilities can mediate the relationship between digital transformation and MSME performance. Therefore, companies need to develop digital marketing capabilities and digital capabilities to improve their performance and remain competitive in the market.

H2a: Digital orientation moderates the influence of digital marketing on MSME performance

Digital orientation moderates the influence of e-payment on MSME performance

Digital payment (E-payment gateway) is the exchange of funds via electronic channels (Scuotto et al., 2021). An e-payment gateway requires an internet connection to operate the same function as the one used in electronic banking (e-banking) and electronic shopping (e-shopping) environments (Kurnia et al., 2015). People's habit of using digital payments (digital cash) is a good start in adopting fintech (Behera et al., 2022). The development of non-cash payment tools has brought innovation in digital payments, known as electronic money, which continues to increase in users. This change is slowly increasing people's interest in switching to using electronic money, which has supported many daily needs because it is very practical and easy. According to Agyekum et al. (2022), e-payment gateway implementation supports system security, performance expectations, social influence, and technology acceptance.

H2b: Digital orientation moderates the influence of e-payment on MSME performance

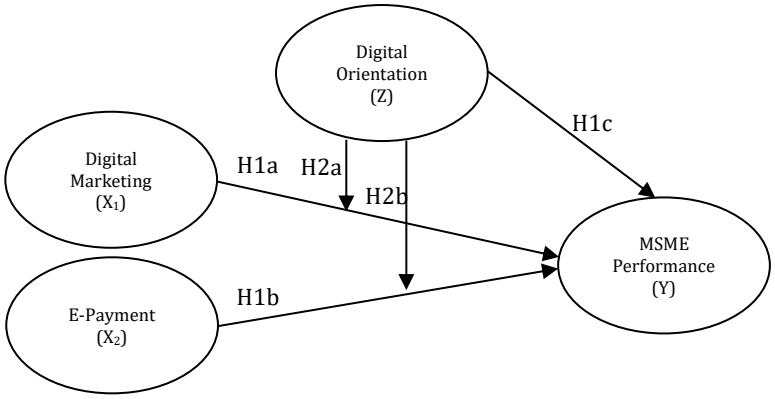

Figure 2. Conceptual Framework
Source: Processed by the researcher

RESEARCH METHOD

This research uses quantitative research methods, and the research variable consists of dependent, independent, and moderating variables. The population of this research is micro, small and medium perfume businesses in West Java Province, Indonesia. The sampling technique used in this research is a stratified sampling technique. This technique was chosen because the objects studied or data sources are very broad (Sugiyono, 2011). Next, the research sample was selected again using a convenience sampling technique, which means that sampling refers to collecting information from members of the population who are happy to provide it based on the criteria of the owner or manager (Sekaran & Bougie, 2017).

Determining the number of samples in this research uses the Structural Equation Model analysis formula, namely, the minimum is 100 samples. This refers to the calculations of Hair et al. (2017), with a total of 24 questions multiplied by 5. A Likert scale survey was used to collect data, which includes Strongly Disagree (1), Disagree (2), Quite Disagree (3), Quite Agree (4), Agree (5), and Strongly Agree (6). This research uses library research as a data collection method, which is carried out by reading books, literature, journals, references related to this research and previous research related to the research being conducted. The data collected in this research is primary data. Primary data in this research was directly obtained from respondents who filled out questionnaires or research questionnaires.

The data analysis method used in this research is statistical analysis. With a Structural

Equation Model (SEM) approach based on Partial Least Square (PLS) and Moderated Regression Analysis (MRA) to determine the relationship between the independent variable, the dependent variable and the moderator variable.

FINDINGS AND DISCUSSION

This research reveals how integrating digital technology, including digital orientation, digital marketing, and e-payment, positively impacts MSME performance. The focus on digital orientation provides in-depth insight into MSMEs' readiness and acceptance of digital change, highlighting the importance of digital orientation in the MSME context. Specifically for Perfume MSMEs, this research offers insight into developing marketing and electronic payment strategies that suit the characteristics of this industry. This information can be the basis for making smarter decisions in developing a perfume business. The findings of this research can also be applied generally to MSMEs in various sectors. Understanding the importance of digital orientation and digital marketing strategies can help MSMEs improve their business performance and sustainability in various industries.

To measure digital marketing, e-payment and digital orientation variables on MSME performance, this research uses data collected through a questionnaire distributed via Google Forms. Respondent data is based on gender, age, education, number of employees, company age, and company turnover in 1 year.

Table 1. Respondent Data

Respondent data based on	Percentage	Information
Gender	25,5%	Female
	74,5%	Male
Age	41,60%	<30 years
	47,50%	31-40 years
	6,90%	41-50 years
	4%	>50 years
Education	1%	Elementary-Middle School
	50,50%	Senior High School
	46,50%	Diploma/Bachelor
	2%	Master
Number of Employees	52%	1-4 people
	35%	5-20 people
	10%	21-99 people
	3%	>100 people
Company Age	13,90%	<1 years
	34,70%	1-3 years
	19,80%	3-5 years
	31,70%	>5 years
Company Turnover in 1 Year	50,50%	<300 million
	35,60%	300 million-2,5 billion
	11,90%	2,5 billion-50 billion
	2%	>50 billion

Source: Process Data (2024)

This statistically verifiable study aims to show the relationship between digital marketing, e-payment and digital orientation on the performance of perfume MSMEs. In addition, this research investigates the influence of digital orientation as a mediator variable between digital marketing and e-payment on the performance of perfume MSMEs. The statistical analysis methodology used

is the PLS-SEM algorithm, and the bootstrapping method is used to test the significance and strength of the correlation between variables. Based on the loading factor values obtained, there are still loading factors whose values are below 0.5 because they have low convergent validity values, and indicators with loading factor values below 0.5 must be dropped (Truong & McColl, 2011). Based on the table, in the digital marketing and digital orientation constructs, there is one indicator whose loading value is below 0.5, namely X1_6 in digital marketing and Z_7 in digital orientation. In addition, the reliability test meets the established reliability standards, with values exceeding 0.7 and 0.6 for Cronbach's Alpha and Composite Reliability, respectively (Fitria, 2021).

Table 2. Outer Loading

Variable	Indicators	Outer Loading	Explanation
Digital Marketing	X1_1	0.771	Significant and Valid***
	X1_2	0.755	Significant and Valid***
	X1_3	0.802	Significant and Valid***
	X1_4	0.794	Significant and Valid***
	X1_5	0.852	Significant and Valid***
	X1_6	0.453	*Insignicicant and Valid ****
E-Payment	X2_1	0.686	Significant and Valid***
	X2_2	0.727	Significant and Valid***
	X2_3	0.745	Significant and Valid***
	X2_4	0.820	Significant and Valid***
	X2_5	0.815	Significant and Valid***
	X2_6	0.560	Significant and Valid***
Digital Orientation	Z_1	0.678	Significant and Valid***
	Z_2	0.660	Significant and Valid***
	Z_3	0.833	Significant and Valid***
	Z_4	0.504	Significant and Valid***
	Z_5	0.545	Significant and Valid***
	Z_6	0.522	Significant and Valid***
	Z_7	0.475	*Insignicicant and Valid ****
MSME Performance	Y_1	0.602	Significant and Valid***
	Y_2	0.533	Significant and Valid***
	Y_3	0.747	Significant and Valid***
	Y_4	0.801	Significant and Valid***
	Y_5	0.872	Significant and Valid***

Source: Process Data (2024)

The Cronbach's alpha and composite reliability values for all exogenous and endogenous constructs are above 0.60, which indicates that the indicators used for each variable (digital marketing, e-payment, digital orientation, MSME Performance) have good or capable reliability to measure the construct.

Table 3. Cronbach's Alpha and Composite Reliability

Variable	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	Average Variance Extracted (AVE)
Digital Marketing (DM)	0.836	0.865	0.882	0.561
E-Payment (E-P)	0.729	0.766	0.803	0.377
Digital Orientation (DO)	0.824	0.846	0.871	0.534
MSME Performance	0.758	0.791	0.841	0.522

Source: Process Data (2024)

The results of the R-square table output obtained an R-square value of 0.428, which shows that the MSME Performance construct, which can be explained by digital marketing, e-payment and digital orientation interaction, is 42.8%. Meanwhile, the adjusted R-square value is 39.8%. The high R-squared and Adjusted R-squared values show how well this model captures the relationship between the independent and dependent variables. In this context, R-squared values of 0.75, 0.50, and 0.25 indicate strong, moderate, and weak model power, respectively (Sarstedt et al, 2016).

Table 4. R-square (R^2)

Variable	R-square	R-square adjusted
MSME Performance	0.428	0.398

Source: Process Data (2024)

Based on the path diagram and hypothesis testing output, only the digital marketing and digital orientation variables have a statistical value greater than 1.96 t-table so that these indicators can measure each construct (Rumanti et al., 2023).

Table 5. Path Coefficients

Variable	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Value
Digital Marketing -> MSME Performance	0.836	0.331	0.119	2.732	0.006
E-Payment -> MSME Performance	0.205	0.207	0.138	1.487	0.137
Digital Orientation -> MSME Performance	0.317	0.336	0.072	4.423	0.000
DO x DM -> MSME Performance	0.081	0.094	0.125	0.650	0.516
DO x E-P -> MSME Performance	0.183	0.161	0.126	1.455	0.146

Source: Process Data (2024)

The influence of the oxygen latent variable on the endogenous latent variable in the hypothesis testing table can be explained as follows:

1. The Influence of Digital Marketing on MSME Performance
   The path parameter coefficient obtained from the influence of Digital Marketing (DM) on MSME performance is 0.836 with a t-statistic value of 2,732 > 1.96 at a significance level of α = 0.05 (5%), which states that there is a significant positive influence between Digital Marketing and Performance. MSMEs. Therefore, the first research hypothesis (H1a) is accepted or supported.
2. The influence of E-Payment on MSME performance
   The path parameter coefficient obtained from the influence of E-Payment (E-P) on MSME performance is 0.205 with a t-statistic value of 1,487 < 1.96 at the significance level α = 0.05 (5%), which states that E-Payment (E-P) does not affect MSME performance and indicate the second research hypothesis (H1b) is rejected or not supported.
3. The influence of digital orientation on MSME performance
   The path parameter coefficient obtained from the influence of Digital Orientation (DO) on MSME Performance is 0.317 with a t-statistic value of 4,423 > 1.96 at a significance level of α = 0.05 (5%) which states that there is a significant positive influence between Digital Orientation on Performance MSMEs. Hence, the first research hypothesis (H1c) is accepted

or supported.

4. Digital Orientation moderates the influence of Digital Marketing on MSME Performance
   The path parameter coefficient obtained from the moderation of Digital Orientation (DO) in Digital Marketing (DM) on MSME Performance is 0.081 with a t-statistic value of 0.650 < 1.96 at a significance level of α = 0.05 (5%), which states that Digital Orientation does not moderate the influence of Digital Marketing on MSME Performance so that the fourth research hypothesis (H2a) is rejected or not supported.
5. Digital Orientation moderates the influence of E-Payment on MSME Performance
   The path parameter coefficient obtained from the moderation of Digital Orientation (DO) in E-Payment (E-P) on MSME Performance is 0.183 with a t-statistic value of 1.445 < 1.96 at the significance level α = 0.05 (5%), which states that Digital Orientation does not moderate the influence of E-Payment on MSME performance so that the fifth research hypothesis (H2b) is rejected or not supported.

Tabel 5. Hypothesis test

Hypothesis	Variable	Parameter Coefficient	T-Statistics	P Value	Interpretation
H1a	Digital Marketing -> MSME Performance	0.836	2.732	0.006	Significant**
H1b	E-Payment -> MSME Performance	0.205	1.487	0.137	Not Significant**
H1c	Digital Orientation -> MSME Performance	0.317	4.423	0.000	Significant**
H2a	DO x DM -> MSME Performance	0.081	0.650	0.516	Not Significant**
H2b	DO x E-P -> MSME Performance	0.183	1.455	0.146	Not Significant**

Source: Process Data, 2024

Based on the research path diagram, it can be translated into the following equation:

*MSME Performance = 0.006 DM + 0.137 E-P + 0.000 DO + 0.516. DO*DM – 0.146. DO*E-P + e*

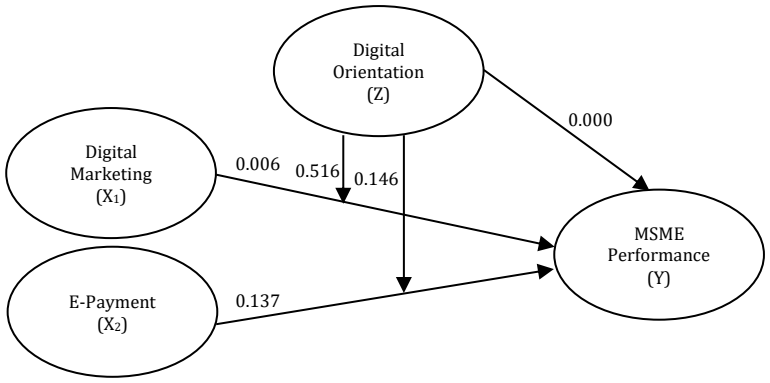

Figure 9. Research Path Diagram Model
Source: Process Data (2024)

First Hypothesis Testing

H1a: Digital Marketing Has a Positive Influence on MSME Performance

The results of the research show that the path parameter coefficient obtained from the influence of Digital Marketing (DM) on MSME performance is 0.836 with a t-statistic value of 2,732 > 1.96 at a significance level of α = 0.05 (5%), which states that there is a significant positive influence between Digital Marketing on MSME Performance. The value of 0.836 in the parameter coefficient means that the more digital marketing increases, the more the performance of MSMEs will increase, and vice versa, so the first research hypothesis (H1a) is accepted or supported.

Digital marketing allows MSMEs to reach a wider market globally through various online platforms. This opens up new opportunities for sales and marketing of their products or services; compared to traditional marketing methods, digital marketing is often more economical. MSMEs can use online platforms such as social media, email marketing and digital advertising at more affordable costs. Digital advertising promotion can be done via the internet and mobile devices such as cellphones and tablets in the form of web pages, sending emails, video streaming, and communication via social media with the applications Facebook, Twitter, Instagram, Line and others (Maryanto, 2017). By utilizing digital technology, MSMEs can create a more sustainable business model. This includes innovation in operational processes and marketing strategies that support long-term growth. Effective implementation of digital marketing can give MSMEs a competitive advantage and help them adapt to changes in an increasingly digital business environment. The results of this research align with research conducted by Hendrawan et al. (2019) and Effendi et al. (2022), which concludes that digital marketing influences the performance of MSMEs.

Testing the Second Hypothesis

H1b: E-Payment has a Positive Influence on MSME Performance

The results of the hypothesis test state that E-Payment (E-P) has no effect on the performance of MSMEs. The results of this research use the SmartPLS PLS-SEM algorithm. The path parameter coefficient obtained from the influence of E-Payment on MSME Performance is 0.205 with a t-statistic value of 1,487 < 1.96 at a significance level of α = 0.05 (5%), which states that E-Payment does not affect MSME Performance, so the hypothesis both studies (H1b) were rejected or not supported. The results of hypothesis testing, which show an insignificant number, can be interpreted as indicating that the level of e-payment is not able to improve the performance of MSMEs.

Testing the Third Hypothesis

H1c: Digital Orientation Has a Positive Influence on MSME Performance

The path parameter coefficient obtained from the influence of Digital Orientation (DO) on MSME Performance is 0.317 with a t-statistic value of 4,423 > 1.96 at a significance level of α = 0.05 (5%) which states that there is a significant positive influence between Digital Orientation on Performance MSMEs. The value of 0.317 in the parameter coefficient means that the more digital orientation increases, the more the performance of MSMEs will increase, and vice versa so that the first research hypothesis (H1c) is accepted or supported.

MSMEs with a high level of digital orientation tend to be better able to utilize online platforms to reach a wider market. This can increase the visibility of their products or services and create new opportunities. Digitally oriented MSMEs can better adapt to changes in the business environment, including changing market trends, new technologies and customer needs. Digital orientation is a company's strategic orientation that caters to changes caused by digital technology. Digitalization is the technical process of changing analogue signals into digital form, while

digitalization is the sociotechnical process of applying digitalization techniques to a broader social and institutional context that makes digital technology infrastructural (Tilson et al., 2010). The results of this research align with research conducted by Quinton et al. (2018), which concludes that digital orientation influences the performance of MSMEs.

Testing the Fourth Hypothesis

H2a: Digital Orientation can moderate the positive influence of digital marketing on MSME performance

The results of the hypothesis test state that Digital Orientation is unable to strengthen the influence of Digital Marketing on MSME Performance. The results of this research use SmartPLS Moderated Regression Analysis (MRA). The path parameter coefficient obtained from the moderation of Digital Orientation (DO) in Digital Marketing (DM) on MSME Performance is 0.081 with a t-statistic value of 0.650 < 1.96 at a significance level of α = 0.05 (5%), which states that Digital Orientation does not moderate the influence of Digital Marketing on MSME Performance so that the fourth research hypothesis (H2a) is rejected or not supported. The results of hypothesis testing, which show an insignificant number, can be interpreted as indicating that the level of digital marketing moderated by digital orientation is not able to improve the performance of MSMEs.

Testing the Fifth Hypothesis

H2b: Digital Orientation Can Moderate the Positive Influence of E-Payment on MSME Performance

The results of the hypothesis test state that Digital Orientation is unable to strengthen the influence of Digital Marketing on MSME Performance. The results of this research use SmartPLS Moderated Regression Analysis (MRA). The path parameter coefficient obtained from the moderation of Digital Orientation (DO) in E-Payment (E-P) on MSME Performance is 0.183 with a t-statistic value of 1.445 < 1.96 at a significance level of α = 0.05 (5%), which states that Digital Orientation does not moderate the influence of E-Payment on MSME performance, so that the fifth research hypothesis (H2b) is rejected or not supported. The results of hypothesis testing, which show an insignificant number, can be interpreted as meaning that the high and low levels of e-payment moderated by digital orientation are not able to improve the performance of MSMEs.

CONCLUSIONS

This research aims to analyze digital orientation referring to the level of readiness, strategy and integration of digital technology in the operations and business strategy of perfume MSMEs in West Java Province, as well as optimizing their digital marketing strategies, such as the use of social media, SEO or other online campaigns. The use of e-payment by perfume MSMEs can also increase convenience and accessibility for customers. Digital orientation is the key that directs perfume MSMEs in optimizing the impact of two main factors, namely digital marketing and e-payment. A strong digital orientation allows perfume MSMEs to be more open to adopting e-payment solutions, expanding customer payment options and increasing the ease of transactions. Perfume MSMEs with good digital orientation can direct their digital marketing efforts more effectively, using various online platforms to increase visibility, interaction with customers, and sales.

LIMITATION & FURTHER RESEARCH

As an important component of the research framework, the limitations of this study must be addressed. First, the distribution of respondents is only part of the population. Future research is expected to distribute samples over a wider range in order to get results that are increasingly valid and representative of the population. Another weakness is the formulation of the research instrument. Even though the instrument has been tested on respondents outside the sample, the

instrument's validity varies for each respondent.

Several ideas could be considered in future research. Further research needs to be carried out to find out other variables that influence MSME performance in the sector of readiness level, strategy, and digital technology integration, as well as optimizing digital marketing strategies through social media, SEO, or other online campaigns, then using e-payment for convenience and accessibility for customers. Quantitative and qualitative research methods can provide further insight into the integration of digital technology, digital marketing strategies, use of e-payment, and variables that influence MSME performance. Future research will be more comprehensive if the research sample is expanded to include more perfume MSMEs.

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