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## Performance of Asnaf Micro-Entrepreneurs Through Values of Business Digitalization: An Empirical Measurement

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### Abstract

This study aimed to develop a conceptual model by identifying the pattern of development of the performance of Asnaf Micro-Entrepreneurs (AME) through the values of business digitalization as its factors. The study aims to fill a research gap by providing insights into the challenges and opportunities faced by AME in adopting digital technologies and the impact of such adoption on their businesses, also filled a research gap by providing insights into the challenges and opportunities faced by AME in adopting digital technologies and the impact of such adoption on their businesses. The research followed a standard PLS-SEM approach, with data collection, analysis, and results interpretation being conducted in a sequential manner. The study aimed to provide insights into the factors affecting the adoption of digital technologies by ASNAF micro-preneurs, and the relationship between such adoption and their business performance. The collected data is evaluated through the modeling of partial squared structural equations (PLS-SEM). A total of 155 respondents in the designated population area filled out the questionnaire, then the filtered form was analyzed, and the results were stated by statistical reporting. This study uses a two-stage approach which is to identify the reliability and validity of the data that has been encoded. The sampling strength value uses the G-power application with a value of  $\alpha=0.05$  and a confidence interval  $(1-\beta)$  of 0.8, which is with a minimum sum of  $n=85$ . There are four technological values Measured in this study highlighted in the past literature which are compatibility, cost-effectiveness, trust, and interactivity. This study shows that all four elements of technology value have different influences on the performance of asnaf entrepreneurs. The highlight of the study findings is the value of compatibility, and the value of trust in technology does not have a significant impact on the performance of entrepreneurs. It does not support previous studies on technological trust and compatibility. This can explain compatibility and trust values in technology may not be the key drivers for business performance in this particular group of AME. However, it's important to note that this is just one study and further research may be needed to validate these findings. While cost-effective values and interactivity have a

significant influence. This is because both values have a relationship to the operating costs as well as the market relationship of the asnaf entrepreneurs which can have a positive influence on their business performance. Further research is needed to explore why the value of trust in technology does not have a significant impact on the performance of AME. Possible factors may include the specific context of AME, the nature of the technology used, and the level of trust already established between AME and their customers. Additionally, future research can investigate the potential of other technological values and their impact on the performance of AME.

**Keywords:** Asnaf Entrepreneurs, Digitalization Values, Business Performance, Small and Medium Enterprises, PLS-SEM.

## Introduction

Business digitization is the integration of digital technology into the business operations of either market, data documentation, and related management, which is based on computing for greater convenience and accessibility. The use of such technology has profound implications for the planning and changing of the business model toward sustainable digitalization. From an economic point of view, digitization has changed the structure and mechanism of the market and operations of the firm. Businesses that move forward use the advantages of technology competitively in introducing and marketing their products more easily, quickly, and variably. For example, small and medium enterprises (SMEs) can improve their business processes by using new digital technologies as an effective way to disseminate information to the target audience at the time of demand, without significantly increasing costs. The proliferation of online social networks is one of the significant advantages of a business. The rapid growth of Web-based platforms that facilitate online social connectivity, has significantly modified the nature of their human activities, habitats, and daily interactions including in trade transactions.

Among the entrepreneurs who use the benefits of digital technology are Asnaf micro-entrepreneurs (AME) who receive zakat assistance from the welfare department and the Islamic religious council in Malaysia... In Malaysia, micro-entrepreneurs were the largest in SME statistics accounting for 78.4% of the total SMEs. They are traders who earn less than RM300,000 in annual sales. Although micro-SME entrepreneurs have adopted digital technology in their businesses, they still maintain their business model and have not managed to move towards small or medium-scale businesses. Several factors have been looked at by previous researchers such as the notion of the value of digitalization advantages that have yet to be holistically studied including the compatibility built between micro-entrepreneurs and digital technology, post-digitalization cost-effectiveness, entrepreneurs' trust in digital systems, as well as interactive abilities with their customers in the market. Thus, this study aims to fill the cocoon and look at the value factors of digitalization towards the micro-entrepreneur through quantitative methods.

## Operational Definitions of Asnaf Micro-Entrepreneurs (AME)

Drucker (1996) defined an entrepreneur as one who can transfer economic resources from a less productivity-powered sector to a higher-productivity sector. Entrepreneurship also refers to the process of creating or starting a new venture to make a profit by identifying needs in the market and developing unique solutions. This involves financial risks, developing and promoting a product or service, and organizing and managing resources.

Entrepreneurs are individuals who are willing to take risks to bring their ideas to life, create something new and build a successful business. Micro-entrepreneurs are individuals or groups that run small or medium-sized businesses. They usually have a smaller scale of business than large entrepreneurs and often have limited capital. Micro-entrepreneurs usually focus their business on local markets and have little manpower. Although the scale is small, micro-entrepreneurs play an important role in the economy, especially in providing jobs and improving the living standards of the local community.

AME is a relatively new concept that has emerged in the context of Islamic finance and charity. This term refers to individuals or groups of people who are trying to start or grow a business but lack the necessary capital or resources to do so. While this category is not explicitly mentioned in traditional Islamic law, some Islamic financial institutions and charities have begun to use this term to describe a new class of Zakat recipients. The concept of AME as one characteristics of SME group is important because it highlights the role that entrepreneurship can play in poverty reduction and economic development, particularly in developing countries. By providing support and resources to aspiring entrepreneurs, Islamic charities and financial institutions can help individuals become self-sufficient and contribute to their communities economic growth.

AME can generally be understood as asnaf groups, especially in the poor and poor groups who want to be transformed from non-productive asnaf into productive asnaf through entrepreneurial platforms. The group will be given the necessary assistance and guidance to enable them to become entrepreneurs (Sanep, 2012). Addi (2007) defines asnaf entrepreneurs as individuals who need to go through a business venture creation process to ensure that they can carry the burden of responsibility as entrepreneurs and have the confidence to participate in business with a boost in the form of encouragement and assistance from zakat institutions. AME while, the definition of asnaf entrepreneurs in this study is those who venture into the field of economic resource activities consisting of the poor and poor under the supervision of the Federal Territory Islamic Religious Council (MAIWP). (Meerangani, 2021)

## **Background and Framework**

### **The Value of Digitalization and The Performance of Micro-entrepreneurs**

In an era of digitalization that connects remote interactions, individuals can share knowledge and dialogue among individuals as well as society as a result of digital platforms. The use of digitalization is supported by information and communication technology (ICT) that offers entrepreneurs many benefits, including efficiency, convenience, wider product choice, competitive pricing, and cost reduction. As a result, a firm or entrepreneur needs to rethink their marketing strategy as a result of the age of digitization to respond to changes in consumer behavior. Digitalization has become an increasingly important competitive resource for B2C and B2B marketing.

Past studies have also discussed how digitalization, information technology, and digital marketing impact the firm's performance and market value. Digital values refer to the intangible benefits that businesses can gain from the use of digital technologies, such as increased efficiency, productivity, and customer engagement. These values are often difficult to quantify and measure, making it challenging for SMEs to determine the cost-effectiveness of digital technologies. A digital platform built from a digital interface between clients and firms forms a new business ecosystem that is more compact and comprehensive in terms of markets and prospects. Emerging entrepreneur firms are using digital platforms as an aid in

better marketing products covering advertising and delivery. Some firms open new types of businesses that are complementary to the business ecosystem, such as capitalization, venture capital companies, marketing, transportation, and marketing. This creates a new ecosystem that adds value to products and services to end users and adds more new firms taking advantage of developing products on a small and medium scale with the new platform approach in place.

Businesses through digital platforms can be a catalyst for building confidence and attracting outside companies to invest in business activities that increase the value of the platform. Starting since the introduction of computers and internet access, the business ecosystem of the platform has been considered a positive global phenomenon to consumers and product-based business firms. This concept has changed the management format of business firms from just competitive and profit-based to integration and value in the business locus. With higher internet and web system synergies, the rate of two-way communication affordability, and affordability for each individual has led to some trend shifts for consumers and the business bodies themselves.

Since then, the business of digital channels has started to grow and is accepted by consumers as one of the trusted purchasing access mediums. Reacting to the phenomenon, banking firms, credit cards, financial institutions, and insurance institutions began to develop online service utilities. For end users, too, digital platforms help in making personal selections independently, time more flexible, more social, and easy to use. This is because internet access began to affect daily life and society accepted the internet as a medium for shopping and social interaction. Whereas in terms of the trust, consumer identity and impressions affect trust and confidence in online transactions and purchases. The advent of digital platforms in business reduces the problems in market exchanges and rewards the long-distance network capabilities needed when the mega-industry wave began to increase globally through the e-economy in the 1990s. In particular, digital platforms create new opportunities for digital entrepreneurship and e-commerce where market players need to find each other in a business transaction. Evans 2011 suggested that digital platforms provide a medium of mediation to entrepreneurship through digital instruments, i.e. equity-based or physical exchanges, such as stock exchanges or commodities that connect the financial industry with the development of such entrepreneurship. This development provides a new shift to the entrepreneurial world which is also changing business interactions using digital platforms such as matching networks or peers-to-peers (P2P), business-to-business (B2B), and business-to-customer (B2C).

### **Model and Development of Hypotheses**

**SMEs and Digital Transformation Adaptations** The use of internet technology in the workplace has become commonplace. Internet-enabled communication media allows organizations to conduct business from anywhere at any time. Several studies examined the use of digital business platforms among SMEs and found that SMEs use digital business platforms for various organizational goals such as marketing, communication, sales, advertising, innovation, problem-solving, customer services, human resources, information technology, driving cultural change, and advertising on social networks.

However, Tan et al (2009) found that the cost did not significantly affect the use of ICT. In the same study, Alam and Noor (2009) found that perceived costs had no direct impact on the use of ICT. However, because social media is a low-cost technology, organizations can have direct communication with customers at a low cost.

In the context of SMEs, organizations post a lot of information about organizations, products, services, and other promotional activities, as well as obtain information and knowledge from digital business platforms. As a result, assurances of information structure and trust may be required to use the digital business platform for work-related purposes. Interactivity Previous research has found that successful interaction between humans and technology is a critical factor in the design and implementation of information systems. Among the various design features, interactivity stands out as a key and differential factor that influences users' reactions to new technologies such as websites.

The theoretical model was initially presented as a model of structural equations.

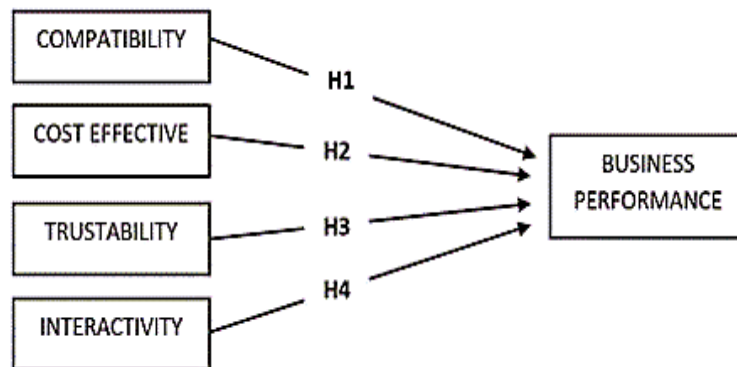


Figure 1. Proposed model.

Referring to the above figure 1.0 model, the constructed hypothesis is

*H1: Compatibility with technology significantly affects the business performance of AME,*

*Ho1: Compatibility with technology does not significantly affect the business performance of AME.*

Several studies have examined the impact of compatibility on technology adoption and business performance. For example, Lee and Kim (2019) found that compatibility between a new technology and existing business practices and systems positively influenced technology adoption. Similarly, Chan et al (2019) found that perceived compatibility was a key factor in determining the intention to adopt new technologies among small and medium-sized enterprises (SMEs). On the other hand, some studies have shown that compatibility may not always be a significant predictor of technology adoption. For example, Hu et al. (2004) found that while compatibility was a significant predictor of technology adoption among large firms, it did not significantly predict adoption among SMEs.

*H2: The cost-effectiveness of technology significantly affects the business performance of AME*

*Ho2: The cost-effectiveness of technology does not significantly affect the business performance of AME.*

Cost-effectiveness refers to the degree to which a technology or strategy achieves its intended outcomes at a reasonable cost. For SMEs, cost-effectiveness is a critical factor in determining the feasibility of adopting digital technologies. Several studies have examined the cost-effectiveness of digital technologies for SMEs. For instance, a study by Hu et al (2016) found that the adoption of digital technologies, such as cloud computing and social media,

can significantly improve business performance for SMEs. However, the study also highlighted the importance of cost-effectiveness, as SMEs with limited financial resources may not be able to afford expensive digital technologies. Cost effectiveness is particularly important for SMEs, as these businesses often have limited financial resources and must carefully consider the return on investment for any technology or strategy. Digital technologies can offer significant benefits to SMEs, but they must be cost-effective to be feasible.

*H3: Trust in technology significantly affects the business performance of AME.*

*Ho3: Trust in technology does not significantly affect the business performance of AME.*

Trust is also an important factor in technology adoption and business performance. Several studies have shown that trust in a technology or its providers can significantly influence adoption rates and user satisfaction. For example, Lin and Wang (2012) found that trust in a new technology was positively related to adoption intentions, while He et al (2004) found that trust in a technology provider had a significant positive impact on user satisfaction. Furthermore, research suggests that trust can also have a positive impact on business performance. For instance, Hsu, Lin & Chiang (2006) found that trust in e-commerce sites positively influenced consumer purchase intentions, which in turn had a positive impact on firm performance.

*H4: Interactivity in technology significantly affects the business performance of AME.*

*Ho4: Interactivity in technology does not significantly affect the business performance of AME.*

Interactivity is particularly important for SME adoption of digital technologies, as it can provide several benefits. First, interactivity can increase customer engagement and satisfaction, which can lead to increased sales and revenue. Second, interactivity can help SMEs gather valuable customer data, which can be used to improve products and services. Finally, interactivity can enhance SMEs' brand reputation and credibility, as customers perceive businesses that provide interactive experiences as more innovative and customer-centric. Several studies have examined the relationship between interactivity and SME adoption of digital technologies. For instance, a study by Mangold and Faulds (2009) found that interactivity positively influences customer loyalty in online environments. Similarly, a study by Bigne et al (2014) found that interactivity positively influences the adoption of social media by SMEs. These findings suggest that interactivity is an essential digitalization value that SMEs should consider when adopting digital technologies.

## **Research Methods**

### **Context and Subject**

In this study, a total of 155 respondents filled out a survey form distributed in 2022, self-filling was used to collect data between September and October 2022. The participants took part in the study and agreed not to receive any refund for their participation. The study data was collected using a simple sampling method, and the strength of sampling with a cross-confidence G-Power analysis of 0.8.

### **Study Instruments**

The study used a research instrument consisting of two parts. The first is allocated to collect participants' demographic data, while the second part is devoted to collecting responses on

conceptual model factors. The "5-point Likert Scale" is used to AMEsure the model in the second part.

### Modeling and Coding of Instruments

To evaluate the developed theoretical model, this study uses a partial squared structure equation modeling approach (PLS-SEM) through SmartPLS. It can act with simultaneous analysis for structure and AMEsurement and can be achieved with results with more accurate accuracy, making it suitable for use in this study.

### Coding of Factorial Items

Each item that is an instrument of study is encoded with a specific series of figures and is a reference for the link between the constructs in the PLS-SEM analysis of this study as below:

Table 2.0

#### *Coding of factorial items*

Construct	Questions Based On Thematic Items	Code
Compatibility	1. I can easily use digital gadgets	C1
	2. Online sales platform is easy to use	C2
	3. Marketing through the website is simple and uncomplicated.	C3
	4. Trading through the website is easy and convenient	C4
Cost-Effective	1. Using digital technology saves my business costs	E1
	2. Access to digital business platforms is cheap and affordable	E2
	3. My business can operate more economically with digitalization	E3
	4. I was able to subscribe to digital business platforms cheaply.	E4
Trust	1. I am confident in the advantages of business digitalization.	T1
	2. The use of digital gadgets has always helped my business without problems.	T2
	3. Business digitalization can help further advance my business.	T3
	4. I always use online business platforms with confidence.	T4
Interactivity	1. My customers like to buy online.	I1
	2. My business is more innovative with the advent of digital technology	I2
	3. I interact with customers better with the availability of online business platforms.	I3
	4. I can better interact with suppliers and business partners over the internet.	I4
Business Performance	1. My business is growing with digital applications.	BP1
	2. I got more profit after using an online business platform.	BP2
	3. I can grow my business with the advent of digital technology	BP3
	4. I benefited greatly as a result of using an online business platform	BP4

### Results and Discussions

The study used a two-stage approach as suggested by Anderson and Gerbing (1988) and (Hair et al., 2019). First, this reflective assessment-based study assesses the validity of convergence between items and constructs, alpha reliability, and the validity of discrimination. Convergence validity can be ensured if loading is greater than 0.5 (Hair et al., 2010), composite reliability is greater than 0.7 (Gefen, Straub, & Boudreau, 2000), and the average



variance extracted greater than 0.5 (Fornell & Larcker, 1981). Structural models were first tested (Hair et al., 2019)

**Reliability and Validity**



Figure 2.0: Reflective AMESurement model by Smart PLS  
 Note: C = compatibility, E = cost-effective, T=trust, I=interactive

In the analysis of the reliability of the proposed model, the  $R^2$  obtained is 0.660 (BP). In terms of reliability,  $R^2$  can AMESure variance, which is described in each endogenous construction (Shmueli and Koppius, 2011).  $R^2$  is also referred to as the predictive power in the sample (Henseler et al., 2009; Hair et al., 2011). Thus based on the R-squared of this study, it was found to be large, as shown in table 3.0 below

Table 3.0  
 R-square

	R Square
BP	0.660

Hair et al., 2012 suggest the use of composite reliability as a substitute for the reliability of internal consistency that AMESures in social science research, rather than conventional Alpha Cronbach. Therefore, this study uses it to AMESure the reliability of internal consistency. In this case, the AMESure of the composite reliability coefficient of internal consistency and reliability has been evaluated and reported in Table 4.0 below. In this study, the value of the composite reliability coefficient ranged from 0. 793 to 0. 935 adequate and excellent respectively. Only item A6 (free) is removed because it is below the minimum alpha value ( $\alpha$ ) of 0.5 and has been removed from the list of factorial items. According to Cohen (1992), The value of  $R^2$  . 12 or below indicates a low, between values of .13 to .25 indicating a medium value, and .26 or above and above indicates a high effect size. Thus, it can be established that the instrument is reliable and can be proceeded to the analysis of the hypothetical test. The reliability value of n alpha ( $\alpha$ ) is around 0. 5-0.9 is considered sufficient (Nunnally & Bernstein, 1994). In addition, the reliability analysis can be completed with the calculation of Compound Reliability (CR) per construction, which is expected to exceed 0.5. Table 3.1 lists the alpha values of Cronbach, Compound Reliability (CR) as proposed by Hair et al (2012); All of them are equally adequate with standard cut-off points respectively.

Table 3.1

*Alpha ( $\alpha$ ), composite reliability.*

	<b>Cronbach's Alpha</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted (AVE)</b>
<b>Performance</b>	0.884	0.915	0.684
<b>Compatibility</b>	0.877	0.916	0.732
<b>Cost-effective</b>	0.832	0.888	0.666
<b>Interactive</b>	0.815	0.873	0.632
<b>Business Performance</b>	0.815	0.877	0.642

The study also tested the validity of the discriminant using a heterotrait-monotrait correlation ratio (HTMT) assessment (Henseler et al., 2015). Using HTMT as a criterion to assess the legality of discrimination, researchers need to compare it with a predetermined threshold. Therefore, if the value of HTMT is greater than the established threshold, the researcher can conclude that there is no discriminatory validity.

Table 3.4

*Heterotrait-Monotrait Ratio (HTMT)*

	<b>BP</b>	<b>Compatibility</b>	<b>cost-effective</b>	<b>Interactivity</b>	<b>Trust</b>
<b>BP</b>					
<b>Compatibility</b>	0.774				
<b>cost-effective</b>	0.874	0.890			
<b>Interactivity</b>	0.794	0.855	0.802		
<b>Trust</b>	0.818	0.905	0.990	0.917	

The results showed that all construct correlation values were lower than the threshold level, indicating a satisfactory degree of discriminatory validity between constructions (Henseler et al., 2015). According to the HTMT criteria, the value of the built mutual relationship must be below 0.90 (Gold et al., 2001).

*Structuring Model Assessment*

	<b>Sample (M)</b>	<b>AMEn</b>	<b>Standard (STDEV)</b>	<b>Deviation</b>	<b>T Statistics</b>	<b>P Values</b>
<b>compatibility BP</b>	-> 0.083		0.056		1.444	0.149
<b>cost-effective BP</b>	-> 0.404		0.071		5.681*	<b>0.000*</b>
<b>interactivity -&gt; BP</b>	0.363		0.052		6.924*	<b>0.000*</b>
<b>trust -&gt; BP</b>	0.042		0.064		0.629	0.530

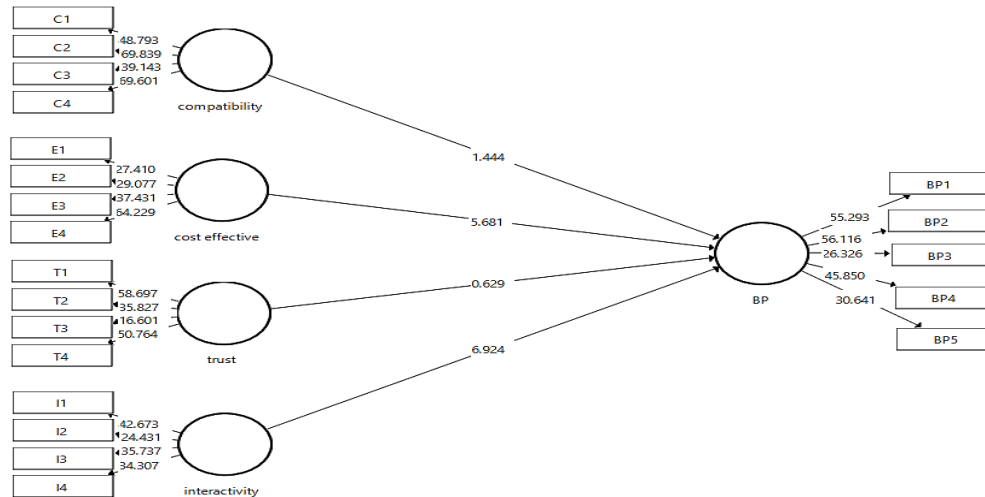
\*P-value below cut off 0.05

*Hypothesis Test and Determination Coefficient*

Together with SMART PLS with the maximum possible estimate, the structural equation model is used to AMEsure interdependence on various theoretical constructions of structural models [20-27]. Thus, the proposed hypothesis was evaluated. Table 4 shows that R2 values

for the intention of using social media sites, perceived ease of use, and perceived use range between 0.693 and 0.783. Therefore, this construction seems to have a high predictive power [28]. In general, the data supports all hypotheses.

Diagram 3.0: Path coefficient



### Hypothesis Discussion

*H1: Compatibility with technology significantly affects the business performance of AME.*

*Ho1: Compatibility with technology does not significantly affect the business performance of AME.*

This study shows that the relationship between the compatibility of technology → and business performance has no significant influence (t value=1.444, p-value = 0.149). This suggests that the value of technological compatibility towards asnaf entrepreneur users does not have a significant impact on their business performance. While technology compatibility is important in the adoption of technology, this study failed to rule out Ho1. This study does not support previous studies stating that the compatibility of technology influences the business outcomes of SME entrepreneurs (Cao et al., 2013; Matt et al., 2020; Shi, 2013; Yuen & Ng, 2021). Several reasons may be noteworthy, among which is that compatibility with technology does not ensure that the business of such asnaf entrepreneurs makes better profits, as has been reported in previous studies on the challenges of using more complex and requiring technologies to expertise, knowledge and changing needs in their business (Bouwman et al., 2019; Chan et al., 2019; Grube et al., 2017)

*H2: The cost-effectiveness of technology significantly affects the business performance of AME.*

*Ho2: The cost-effectiveness of technology does not significantly affect the business performance of AME.*

The relationship between cost-effectiveness and business performance showed a significant association (t value= 5.681, p-value= 0.000). It can show that cost-effective value in business digitalization can have a significant influence on asnaf entrepreneurs. The results of this study show results supporting previous studies (Bouwman et al., 2019; Djatna & Luthfiyanti, 2015; Eller et al., 2020; Hervé et al., 2020; Louw & Nieuwenhuizen, 2020; Thrassou et al., 2020; Yuen

& Ng, 2021). Cost-effective is also a fundamental value in a business based on profit and revenue that can support the growth of businesses, including asnaf entrepreneurs. The cost-effective value in this study is among the values of business digitalization as proposed by (Djatna & Luthfiyanti, 2015; Korpela et al., 2017; Perera & Lanka, 2021; Philippon, 2019).

*H3: Trust in technology significantly affects the business performance of AME.*

*Ho3: Trust in technology does not significantly affect the business performance of AME.*

Trust in technology did not have a significant impact on the business performance of asnaf entrepreneurs (t-value= 0.629, p-value= 0.530). Trust is the value of digitalization as stated in the last study (Awa et al., 2015; Stewart & Jürjens, 2018; Sunardi et al., 2022; Pan et al., 2021). But in this study, trust in technology failed to reject Ho3, thus showing that trust in technology does not affect business performance. This study does not support previous studies that suggest that the value of trust in technology has an impact on their business.

*H4: Interactivity in technology significantly affects the business performance of asnaf micro-entrepreneurs.*

*Ho4: Interactivity in technology does not significantly affect the business performance of asnaf micro-entrepreneurs.*

Interactivity in technology is one of the values of business digitalization. This study shows that it has a significant impact on the business performance of asnaf entrepreneurs (t-value= 6.924, p-value=0.000). Interactivity in this study centered on dealer relationships with customers, relationships with distributors, as well as stakeholders (Bouwman et al., 2019; Djatna & Luthfiyanti, 2015; Eller et al., 2020; Hendrikse et al., 2018; Matt et al., 2020; Parthasarathi et al., 2016). The value of interactivity in technology can connect entrepreneurs to the entire business ecosystem more impactfully and easily. Therefore, this study supports previous studies that state that the value of interactivity can impact the business performance of entrepreneurs (Chiu et al., 2017; Holmström et al., 2019; Perera & Lanka, 2021).

## **Conclusion**

This study aims to identify the relationship and impact between the values of business digitalization and the performance of asnaf entrepreneurs. The study found that all four predictors made up of value elements of financial technology have different influences. This study found that cost-effectiveness and interactivity in technology values are two predictors that have an impact on asnaf's business performance. Overall, these studies suggest that cost-effectiveness and interactivity in technology are crucial for the business performance of SMEs. Technology can provide cost-effective solutions for SMEs by reducing costs and improving efficiency. It can also provide an interactive platform for SMEs to communicate with their customers, gather feedback, and respond to their needs and preferences. SMEs that invest in technology that is both cost-effective and interactive can improve their operational efficiency, reduce costs, increase customer satisfaction, and gain a competitive advantage.

Overall, these studies suggest that cost-effectiveness and interactivity in technology are crucial for the business performance of SMEs. Technology can provide cost-effective solutions for SMEs by reducing costs and improving efficiency. It can also provide an interactive platform for SMEs to communicate with their customers, gather feedback, and respond to their needs and preferences. SMEs that invest in technology that is both cost-effective and

interactive can improve their operational efficiency, reduce costs, increase customer satisfaction, and gain a competitive advantage.

All digitalization value items were found to be important, but the value of compatibility and trust did not show significant results on the business performance of asnaf entrepreneurs. It requires the cooperation of stakeholders, buyers, and the concern of the authorities in a more impactful strategy in gaining a digital competitive advantage in their business. This study found that the cost of digitalizing asnaf entrepreneurs is a challenge that needs to be faced. This is because the high cost makes the necessary operation unmovable. Although digital platforms are accessible and subscribed to by these merchants, there are also other costs required which are the cost of training, internet lines, agents, tools and digital gadgets, etc. This study suggests that a broader AMEsurement be made of the business digitalization factor for second and third-sector entrepreneurs related to the development of micro-entrepreneurs and SMEs, to get a more comprehensive picture empirically, in empowering the competitiveness of the SME ecosystem in the country.

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