The role of employee productivity through digitalization in increasing the performance of culinary SMEs

O papel da produtividade dos funcionários por meio da digitalização no aumento do desempenho das PMEs de culinária

El papel de la productividad de los empleados a través de la digitalización en el aumento del rendimiento de las PYMEs culinarias

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ABSTRACT
SMEs are one of the supporting aspects that have a big impact on the Indonesian economy. This research aims to see: 1) the influence of employee performance; 2) the influence of the use of digital marketing media, and 3) the influence of employee performance through the use of digital marketing media on increasing sales of culinary SMEs in the city of Makassar. The research results found that: 1) employee productivity has a positive and significant influence on improving SME performance. 2) The use of digital marketing media does not have a direct influence on improving the performance of culinary SMEs in the city of Makassar, however 3) employee productivity through the use of digital marketing media will have a greater influence on improving the performance of these SMEs. Thus, it can be concluded that digital marketing media moderates the role of employee productivity in improving the performance of culinary SMEs in the city of Makassar.

Keywords: employee productivity, digitalization, sales, culinary SMEs, Makassar.
RESUMO
As PMEs são um dos aspectos de apoio que têm um grande impacto na economia da Indonésia. Esta pesquisa tem como objetivo observar: 1) a influência do desempenho dos funcionários; 2) a influência do uso da mídia de marketing digital; e 3) a influência do desempenho dos funcionários por meio do uso da mídia de marketing digital no aumento das vendas das PMEs de culinária na cidade de Makassar. Os resultados da pesquisa constataram que: 1) a produtividade dos funcionários tem uma influência positiva e significativa na melhoria do desempenho das PMEs. 2.) O uso da mídia de marketing digital não tem influência direta na melhoria do desempenho das PMEs do setor de culinária na cidade de Makassar, mas 3) a produtividade dos funcionários por meio do uso da mídia de marketing digital terá uma influência maior na melhoria do desempenho dessas PMEs. Assim, pode-se concluir que a mídia de marketing digital modera o papel da produtividade dos funcionários na melhoria do desempenho das PMEs do setor de culinária na cidade de Makassar.

Palavras-chave: produtividade dos funcionários, digitalização, vendas, PMEs do setor de culinária, cidade de Makassar.

RESUMEN
Las PYME son uno de los aspectos de apoyo que tienen un gran impacto en la economía indonesia. Esta investigación tiene como objetivo observar: 1) la influencia del desempeño de los empleados; 2) la influencia del uso de medios de marketing digital, y 3) la influencia del desempeño de los empleados a través del uso de medios de marketing digital en el aumento de las ventas de pymes culinarias en la ciudad de Makassar. Los resultados de la investigación encontraron que: 1) la productividad de los empleados tiene una influencia positiva y significativa en la mejora del desempeño de las pymes. 2.) El uso de medios de marketing digital no tiene una influencia directa en la mejora del rendimiento de las pymes culinarias en la ciudad de Makassar, sin embargo 3) la productividad de los empleados a través del uso de medios de marketing digital tendrá una mayor influencia en la mejora del rendimiento de estas pymes. Así, se puede concluir que el marketing digital media moderar el papel de la productividad de los empleados en la mejora del rendimiento de las pymes culinarias de la ciudad de Makassar.

Palabras clave: productividad de los empleados, digitalización, ventas, PYMEs culinarias, Makassar.

1 INTRODUCTION
The Indonesian economy is supported by several important aspects. One aspect that supports this is the Small and Medium Enterprises (SME) sector. Indonesian MSMEs contributed up to IDR 8,573.9 trillion to Indonesia's GDP (based on current prices) in 2018. Indonesia's GDP in 2018 was IDR 14,838.3 trillion, so the contribution of MSMEs reached 57.8% of GDP. In addition, MSMEs employ 116,978,631 people or reach 97% of the total Indonesian workforce (MSMEs and Large Units). Until now, there are 64,194,057 Indonesian MSME units or 99.99% of the total business units in Indonesia.
For this reason, we can say that MSMEs are the small ones who play a big role in the Indonesian economy [1].

Makassar, as one of the big cities in Indonesia which is the capital of South Sulawesi province, can be categorized as one of the cities with the best GDP in Indonesia. For MSMEs in the city of Makassar itself, up to 2019 there were 10,813 business units recorded (Makassar City Cooperatives and SMEs Service). For the province of South Sulawesi itself, SME data recorded at the Department of Cooperatives and SMEs amounts to 188,260 business units. (Department of Cooperatives and SMEs). We can see the growth in the number of MSMEs in South Sulawesi from 2019 - 2021 in the following table:

<table>
<thead>
<tr>
<th>Information</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of MSMEs in South Sulawesi</td>
<td>188,260</td>
<td>237,240</td>
<td>311,429</td>
</tr>
</tbody>
</table>

Source: South Sulawesi Province Small and Medium Enterprise Cooperative Service, 2021

The evolution of technology in recent years has spurred marketing's movement towards the era of digitalization. Marketing has reached a point in its evolution where adapting to digital trends is a must. The emergence of digital technology has significantly changed human life and added a new dimension to consumer behavior. The most important effect of lower search costs with respect to digital marketing is that it is easier to find and compare information about potential products and services than in offline marketing.

Every organization will try to obtain optimal performance to achieve organizational goals while being superior to its competitors [2]. However, Organizational performance is determined by its ability to innovate both in producing products and services [3]. Organizational performance is a concept that covers all activities in an organization or company, whether producing products or services. Organizational performance refers to the implementation of the organization's vision, mission, goals and activities which is supported by the concept of innovation, one of which is open innovation [4]. In the context of small and medium enterprises (SMEs), digitalization is a new strategy that allows organizational leaders or top management to have access to the organization's external capabilities to develop its performance where digital marketing provides support for SME performance [5]–[7].
Talking about improving the performance of a company certainly cannot be separated from the productivity of its employees. Companies that want to become big need to make investments to increase the productivity of their employees, which will also have a direct impact on improving company performance[8]. For this reason, every employee is always required to make a positive contribution through good performance in order to provide maximum service quality to its customers and achieve the vision and mission of each company. The benefits of employee work productivity include increasing company profits, giving employees work satisfaction, providing maximum service to members, and creating a positive work environment in the sense that every area of work is held and handled by the right people so that company activities run smoothly[9]. The performance of a business is directly related to purchasing decisions made by consumers. For this reason, wherever possible a business must try to influence its consumers to want to buy the products or services they offer[10].

According to Cenamor et al.[11], Small and Medium Enterprises have the problem of a lack of relevant digital competencies and capabilities as well as a lack of digital knowledge among their employees. Meanwhile, Shaltoni [12] in his research has the perception that digital marketing does not support business goals and is not in accordance with internal practices.

For this reason, the author is interested in researching "The Role of Employee Productivity through Digital Marketing in improving the Performance of Culinary SMEs in Makassar City".

2 CONCEPTUAL FRAMEWORK & HYPOTHESIS

The conceptual framework in this research is in the form of a description of the relationship between the constructs of the observed variables. This research shows a direct relationship between the independent variable and the intermediate variable and the dependent variable. In this study, there were three variables observed, each consisting of one independent variable, one moderating variable and one dependent variable. The independent variable in this research is the Employee Productivity variable (X). The moderating variable is Digital Marketing (Y). And one dependent variable is the Performance of Culinary SMEs in Makassar City (Z).

To measure the employee productivity variable (X), the author refers to the theory put forward by Sutrisno [13] in his book that there are 5 indicators to measure employee productivity, namely the number of employees (X1), the number of production results
achieved (X2), the number of working hours per worker (X3), quality of work results (X4) and employee morale (X5).

The moderating variable is Digital Marketing (Y) referring to the theory put forward by Young Kim & Kim [14], that the essence of Marketing 4.0 is recognizing the transitional role of traditional and digital marketing in building customer engagement and advocacy. For this reason, there are 4 main indicators of Digital Marketing, namely Cost/Transaction (Y1), Interactive (Y2), Incentive Program (Y3) and Site Design (Y4).

And finally as the dependent variable (Z) there is Company Performance, in this case Culinary SMEs in the city of Makassar. To measure SME performance, the author uses 6 indicators from previous research by Munizu [15] and Purwaningsih & Kusuma Damar [16], namely:

1.) Sales growth increases (Z1)
2.) Capital growth increases (Z2)
3.) Additional workforce every year, (Z3)
4.) Market growth and marketing are getting better (Z4)
5.) Better business profit/profit growth, (Z5)
6.) Change or increase in size of business location (Z6)

Based on the theory put forward above, the researchers put it into the conceptual framework of this research as follows:

Figure 1: Research conceptual framework

Source: Data processed by the author, 2023

Based on the problem formulation and conceptual framework that has been put forward, the hypothesis put forward is as follows:
**H1: It is suspected that employee productivity has a positive and significant effect on the performance of culinary SMEs in the city of Makassar**

This is in line with the research results presented by Haang et al [17] that an employee's work productivity will help improve the performance of a company. Supported by research from Onkelinx [8] states that companies will experience increased performance and can even become large companies if their employees are productive.

**H2: It is suspected that Digital Marketing has a positive and significant effect on SME performance in Makassar City**

This is in line with research from Halik et al [5] entitled The Effect of Digital Marketing and Brand Awareness on the Performance of SMEs in Makassar City. The research results show that the use of digital marketing media will positively and significantly influence the performance of SMEs. However, this hypothesis contradicts a study from Daniel Laksana & Dharmayanti [18] entitled "The Influence of Digital Marketing on Organizational Performance with Intellectual Capital and Perceived Quality as intervening variables in the Four Star Hotel Industry in East Java". This research shows that Digital Marketing does not have a strong enough influence on company performance.

**H3: It is suspected that employee productivity has a positive and significant effect through digital marketing on increasing the performance of SMEs in the city of Makassar.**

This is in line with research from Rumanti et al.[3] which states that by using innovations such as digital marketing media, a company's employee productivity can be increased which will impact the company's performance.

**3 RESEARCH METHODS**

**3.1 RESEARCH SITE AND TIME**

The research location was carried out in the city of Makassar, specifically at several Small and Medium Enterprises operating in the culinary sector and registered with Gojek and Grab as research objects. The research time was approximately three months, namely from June – August 2023.

**3.2 POPULATION, SAMPLE AND SAMPLING TECHNIQUE**

The population in this research are SMEs in Makassar City who have used social media and digital marketing tools to carry out their operations or support their business
activities. According to (Sugiono, 1999), population determination is divided into two, namely general population and population with a specific purpose (purposive population). This research took the population purposively by determining the SMEs in the city of Makassar and have used digital marketing tools to carry out their operations and support their business activities. It is known that data from the Makassar City Diskop in 2019 recorded 13,277 MSMEs consisting of 5,311 household businesses, 4,647 micro and small businesses and 3,319 medium businesses. For this reason, the population of this study was 7,966 business units, consisting of 4,647 small businesses and 3,319 medium business units. Considering that the population is > 500, samples were drawn using the Slovin formula [19] to obtain results of 381 sample units.

3.3 DATA TYPES AND SOURCES

There are two types of research, namely quantitative and qualitative research. This research uses a type of quantitative research, namely systematic scientific research on relationships or influences developed using statistical models.

The data sources in this research consist of primary and secondary data:

1. Primary data is data obtained from observations, distributing questionnaires and interviews. Primary data was obtained from observations obtained from data processing from questionnaires and from interviews with SMEs in the city of Makassar.

2. Secondary data is data obtained from SMEs in the city of Makassar, either obtained through SMEs directly or obtained through the Department of Cooperatives and MSMEs.

3.4 DATA COLLECTION METHODS

The data collection methods (instruments) used were observation, questionnaires, interviews and documentation.

3.5 DATA ANALYSIS TECHNIQUES

The data analysis techniques used to explain the phenomena in this research are descriptive statistical analysis techniques and Structural Equation Modeling (SEM) analysis using the SmartPLS 4 application.
4 RESULTS AND DISCUSSION

4.1 DESCRIPTION OF RESPONDENT DATA

The research was conducted on SMEs in the city of Makassar, totaling 381 sample units. The sample was taken using the Slovin formula with a population of 7,966 business units, consisting of 4,647 small businesses and 3,319 medium business units. Based on the research results, it was found that 60.9% or 232 respondents or business owners in Makassar were male. The remaining 39.1% or 149 respondents or business owners in the city of Makassar are female. Of the 381 sample business units, 59% or 225 business units have been running their businesses for more than 3 years. 37.9% or 144 business units are between 1 – 3 years old. The remaining 3.1% or 12 business units are under 1 year old.

The sample studied had an average of 5 – 10 employees. Of the 381 sample units studied, as many as 94.4% or 360 business units have used the Gojek digital application to support their business activities. 91.9% or 350 business units have used Grabfood to support their business activities. Apart from that, there are 52.2% or 199 business units that use Shopee to support their business activities.
We can conclude that of the 381 sample units of SMEs sampled, almost all of them have used digital marketing media to support their performance (See Figure 4).

4.2 STATISTICAL ANALYSIS USING SMART-PLS

The next step, the theoretical model that has been built in the first stage will be depicted in an SEM model diagram which will make it easier to see the causal relationships that you want to test. In this diagram, the relationship between constructs will be expressed through arrows. Straight arrows show a direct causal relationship between one construct and another.

A. Test the Outer Model

The outer model test is carried out to ensure that the measurement (measurement model) used is suitable for measurement (valid and reliable). This Outer Model analysis is to determine the relationship between latent variables and their indicators, or it could be said that the outer model defines how each indicator is related to the latent variable.
Three measurement criteria are used in the data analysis technique using SmartPLS to assess the model. The three measurements are Convergent validity, Reliability, and Discriminant Validity.

i) Convergent Validity Test

The convergent validity value is the factor loading value on the latent variable with its indicators. The convergent validity value is used to determine the validity of a construct. According to the general rule (rule of thumb), an indicator factor loading value $\geq 0.7$ is said to be valid. However, in developing new models or indicators, factor loading values between 0.5 - 0.6 are still acceptable [20]. The validity test results are presented in Figure 5 and the following table:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Item</th>
<th>Outer Loading Value</th>
<th>Outer Loading Value Limitation</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Productivity</td>
<td>Item 1</td>
<td>0.851</td>
<td>0.7</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 2</td>
<td>0.857</td>
<td>0.7</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 3</td>
<td>0.926</td>
<td>0.7</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 4</td>
<td>0.844</td>
<td>0.7</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 5</td>
<td>0.798</td>
<td>0.7</td>
<td>Valid</td>
</tr>
<tr>
<td>Digital Marketing</td>
<td>Item 1</td>
<td>0.894</td>
<td>0.7</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 2</td>
<td>0.925</td>
<td>0.7</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 3</td>
<td>0.894</td>
<td>0.7</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 4</td>
<td>0.822</td>
<td>0.7</td>
<td>Valid</td>
</tr>
<tr>
<td>SMEs Performance</td>
<td>Item 1</td>
<td>0.852</td>
<td>0.7</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 2</td>
<td>0.912</td>
<td>0.7</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 3</td>
<td>0.855</td>
<td>0.7</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 4</td>
<td>0.846</td>
<td>0.7</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 5</td>
<td>0.767</td>
<td>0.7</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 6</td>
<td>0.763</td>
<td>0.7</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Source: Data processed with SmartPLS 4, 2023

From the table above, it can be seen that all item factor loading values (outer loading) are all above 0.7. So these items are declared valid.

ii.) Reliability Test (Composite Reliability and Cronbach Alpha) and Average Variance Extracted (AVE) Test

Reliability testing is a tool for measuring a questionnaire which is an indicator of a variable or construct. A measuring instrument or instrument in the form of a questionnaire is said to provide stable or constant measuring results, if the measuring instrument is reliable or reliable. Therefore, it is necessary to carry out a reliability test. A questionnaire is said to be reliable or reliable if a person's answers to questions are consistent or stable over time. Reliability testing was carried out using the Internal
consistency method. The reliability of the research instrument in this study was tested using composite reliability and Cronbach's Alpha coefficient.

According to Haryono (2017) [20], the requirements used to assess reliability are that the Chronbach's Alpha and Composite Reliability values must be greater than 0.70 for confirmatory research and a value of 0.60 - 0.70 is still acceptable for exploratory research.

The following is data from the analysis of Cronbach alpha testing, Composite reliability, and AVE values:

<table>
<thead>
<tr>
<th>Source: Data processed with SmartPLS 4, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 3: Reliability Test Results</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>X (EMPLOYEE PRODUCTIVITY)</td>
</tr>
<tr>
<td>Y (DIGITAL MARKETING)</td>
</tr>
<tr>
<td>Z (SME PERFORMANCE)</td>
</tr>
</tbody>
</table>

The test results based on the table 3 above show that the composite reliability and Cronbach alpha results show satisfactory values, namely the value of each variable is above 0.70. This shows that the consistency and stability of the instruments used is high. In other words, all the constructs or variables in this research have become suitable measuring tools, and all the questions used to measure each construct have good reliability.

Average Variance Extracted (AVE) Test

The AVE value can describe the amount of variance or diversity of the manifest variables that can be contained by a latent construct. For the ideal AVE, namely 0.5, this means good convergent validity, meaning that the latent variable can explain on average more than half of the variance of the indicators. The AVE criterion for a variable to be valid is that it must be above 0.50 [21]. The output results of the AVE value can be seen in table 3 above. It can be seen that all variables have an AVE value of more than 0.5, so that these variables have good construct validity.

iii.) Discriminant Validity Test

Discriminant validity is a factor cross loading value that is useful for knowing whether a construct has adequate discriminants or not. Several ways to see discriminant validity are as follows:
Table 5: Results of Cross Loading Values

<table>
<thead>
<tr>
<th>X (Employee Productivity)</th>
<th>Y (Digital Marketing)</th>
<th>Z (SMEs Performance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>0.951</td>
<td>0.526</td>
</tr>
<tr>
<td>X2</td>
<td>0.857</td>
<td>0.654</td>
</tr>
<tr>
<td>X3</td>
<td>0.926</td>
<td>0.603</td>
</tr>
<tr>
<td>X4</td>
<td>0.844</td>
<td>0.539</td>
</tr>
<tr>
<td>X5</td>
<td>0.798</td>
<td>0.489</td>
</tr>
<tr>
<td>Y1</td>
<td>0.513</td>
<td>0.894</td>
</tr>
<tr>
<td>Y2</td>
<td>0.573</td>
<td>0.925</td>
</tr>
<tr>
<td>Y3</td>
<td>0.626</td>
<td>0.894</td>
</tr>
<tr>
<td>Y4</td>
<td>0.500</td>
<td>0.922</td>
</tr>
<tr>
<td>Z1</td>
<td>0.541</td>
<td>0.572</td>
</tr>
<tr>
<td>Z2</td>
<td>0.691</td>
<td>0.667</td>
</tr>
<tr>
<td>Z3</td>
<td>0.641</td>
<td>0.504</td>
</tr>
<tr>
<td>Z4</td>
<td>0.581</td>
<td>0.486</td>
</tr>
<tr>
<td>Z5</td>
<td>0.437</td>
<td>0.379</td>
</tr>
<tr>
<td>Z6</td>
<td>0.503</td>
<td>0.442</td>
</tr>
</tbody>
</table>

Source: Data processed with SmartPLS 4, 2023

Table 6: Results of AVE Root Values and Correlation Between Constructs (Fornell-Larcker Criterion)

<table>
<thead>
<tr>
<th>X (Employee Productivity)</th>
<th>Y (Digital Marketing)</th>
<th>Z (SMEs Performance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>0.856</td>
<td></td>
</tr>
<tr>
<td>Y1</td>
<td>0.656</td>
<td>0.885</td>
</tr>
<tr>
<td>Z1</td>
<td>0.588</td>
<td>0.595</td>
</tr>
</tbody>
</table>

Source: Data processed with SmartPLS 4, 2023

From the output in table 5, namely Discriminant validity Cross Loading, it can be seen that all indicators have a greater correlation coefficient with each variable itself compared to the correlation coefficient value of the indicator with other variables, so it can be concluded that each indicator in the block is a constituent variable or construct in that column.

Discriminant validity is then measured by comparing the AVE root value of each variable with the correlation between the variable and other variables. The AVE root value can be seen from the output in table 6, namely the Discriminant Validity of the AVE root value results. The AVE root value and construct correlation with other constructs can be seen as follows.

- Employee Productivity (X): AVE root value is 0.856
- Correlation value of Employee Productivity with other variables: 0.656 and 0.628.
- Digital Marketing (Y): The root value of AVE is 0.885
- Digital Marketing correlation value with other variables: 0.656; 0.595.
- SME performance: AVE root value is 0.824
- Correlation value of SME performance with other variables: 0.688; 0.595.

Based on the results above, it can be seen that the root AVE value of each variable is higher than the correlation value between that variable and the other variables in the
model. With this, it can be said that according to the test with AVE roots, this model has good discriminant validity.

**B. Inner Model Test**

i.) R Square Analysis

This analysis is to determine the percentage of endogenous construct variability that can be explained by exogenous construct variability. This analysis is also to determine the goodness of the structural equation model. [22] The larger the R-square number shows that the greater the exogenous variable can explain the endogenous variable, so the better the structural equation. The output results of the R Square value are as follows:

<table>
<thead>
<tr>
<th>Source: Data processed with SmartPLS 4, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Table 7: R-Square Value Results</strong></td>
</tr>
<tr>
<td>Source: Data processed with SmartPLS 4, 2023</td>
</tr>
<tr>
<td><strong>Y (DIGITAL MARKETING)</strong></td>
</tr>
<tr>
<td>R-square</td>
</tr>
<tr>
<td>0.431</td>
</tr>
<tr>
<td><strong>Z (SMEs PERFORMANCE)</strong></td>
</tr>
<tr>
<td>0.509</td>
</tr>
</tbody>
</table>

The R-square value of the SME Performance variable is 0.509. This R-square value means that the variability in SME performance that can be explained by the variability of the employee productivity and digital marketing constructs is 50.9%, while the rest is explained by other variables outside those studied.

According to Ghozali & Latan [21], the R2 values are 0.67, 0.33, and 0.19, it can be concluded that the model is strong, moderate, and weak. With this it can be said that the effect is **moderate**.

ii.) Effect size ($f^2$)

This equation formula is used to find out whether the endogenous latent variable is strongly influenced by the exogenous latent variable [21]. Can be calculated as follows:

$$F^2 = \frac{R^2\text{include} - R^2\text{exclude}}{1 - R^2\text{include}}$$

If the resulting value of $f^2$ produces a value of 0.02 then the influence of the exogenous latent variable is small, a value of 0.15 means the influence of the exogenous latent variable is declared moderate, and a value of 0.35 means the influence of the exogenous latent variable is declared large. The output results are found as follows:
Table 8: Results of F-square values

<table>
<thead>
<tr>
<th></th>
<th>f-square</th>
</tr>
</thead>
<tbody>
<tr>
<td>X (Employee Productivity) (\rightarrow) Y (Digital Marketing)</td>
<td>0.757</td>
</tr>
<tr>
<td>X (Employee Productivity) (\rightarrow) Z (SMEs Performance)</td>
<td>0.315</td>
</tr>
<tr>
<td>Y (Digital Marketing) (\rightarrow) Z (SMEs Performance)</td>
<td>0.074</td>
</tr>
</tbody>
</table>

Source: Data processed with SmartPLS 4, 2023

1. The variable X (Employee Productivity) on Z (SMEs Performance) has an F-square value of 0.315, so the influence is moderate.
2. The Y variable (Digital Marketing) on Z (SMEs Performance) has an F-square value of 0.074, so the influence is relatively low.
3. Variable X (Employee Productivity) on Y (Digital Marketing) has an F-square value of 0.757, so the influence is strong.

C. Hypothesis Testing (Influence between variables)

Testing of the proposed hypothesis is carried out by looking at the path coefficients which show parameter coefficients and t statistical significance values. The significance of the estimated parameters can provide information about the relationship between research variables. The limit for rejecting and accepting the proposed hypothesis is using a probability of 0.05 [21], [23].

Hypothesis test results can be tabulated as follows:

Table 9: Direct Effect Hypothesis Test Results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Standard Deviation Value</th>
<th>T Statistic</th>
<th>P-value</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Employee Productivity (X) (\rightarrow) SMEs Performance (Z)</td>
<td>0.065</td>
<td>10.593</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H2 Digital Marketing (Y) (\rightarrow) SMEs Performance (Z)</td>
<td>0.138</td>
<td>1.828</td>
<td>0.068</td>
<td>Not Supported</td>
</tr>
</tbody>
</table>

Source: Data processed with SmartPLS 4, 2023

Conclusion:

1. Employee productivity has a positive and significant effect on the performance of SMEs in the city of Makassar. This is because the calculated t-value > t table (10.953 > 1.96) and P value < 0.05 (0.000 < 0.05), so the first hypothesis which states that employee productivity has a positive and significant effect on the performance of SMEs in the city of Makassar is accepted. A positive coefficient
value means the influence is positive, that is, if employee productivity increases, SME performance will also increase.

2. Digital Marketing has no effect on the performance of SMEs in the city of Makassar. This is because the calculated t-value < t-table (1.828 < 1.96) and P value > 0.05 (0.068 > 0.05), so the second hypothesis which states that Digital Marketing has a positive and significant effect on the performance of SMEs in Makassar City can be stated rejected.

Table 10: Table of Indirect Effect Test Results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Std Deviation Value</th>
<th>T-Statistic</th>
<th>P-value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3 X (Employee Productivity) → Y (Digital Marketing) → Z (SME Performance)</td>
<td>0.097</td>
<td>2.420</td>
<td>0.001</td>
<td>Moderating</td>
</tr>
</tbody>
</table>

Source: Data processed with SmartPLS 4, 2023

The regression coefficient of the direct influence of employee productivity (X) on SME Performance (Z) is 0.065 (see table 9), the regression coefficient of the indirect influence of employee productivity (X) on SME Performance (Z) through Digital Marketing (Y) is 0.097 and the total influence of 0.249. With this it can be seen that the indirect influence is greater than the direct influence. Judging from the P-value, the indirect influence of employee productivity (X) on SME performance (Z) through Digital Marketing (Y) is 0.000. Because the value is less than 0.05, it can be concluded that employee productivity influences SME performance in Makassar City through digital marketing. From the Total Effect output, it is known that the influence of employee productivity (X) on SME performance (Z) is significant (0.000 < 0.05) so that there is a quasi mediating effect.

3.) Thus we can conclude, the productivity of employees who use Digital Marketing will increase the performance of SMEs positively and significantly. Thus, the third hypothesis which states that employee productivity through digital marketing has a positive and significant influence on SME performance is declared accepted.
4.3 DISCUSSION

4.3.1 The influence of employee productivity on the Performance of Culinary SMEs in Makassar City (hypothesis 1)

Based on the research results, it is known that employee productivity has a positive and significant effect on the performance of SMEs in the city of Makassar. This is because the t-count value > t-table (10.953 > 1.96) or P value < 0.05 (0.000 < 0.05), so the hypothesis is declared accepted (See table 9). A positive coefficient value means the influence is positive, that is, if employee productivity increases, SME performance will also increase. The results of this research indicate that the five indicators have an adequate level of validation to explain employee productivity variables.

This is in line with the research results presented by Haang et al.[17], that an employee's work productivity will help improve the performance of a company. Research from Onkelinx et al [8], also stated that companies will experience increased performance and can even become large companies if their employees are productive. For this reason, SMEs in the city of Makassar should pay more attention to the ideal number of workers for their business, the number of working hours, as well as incentives and bonuses to increase employee morale considering that these variables are important for improving the performance of their businesses.

4.3.2 The influence of digital marketing on the Performance of Culinary SMEs in Makassar City (hypothesis 2)

Based on the research results, it is known that Digital Marketing has no effect on the performance of SMEs in the city of Makassar. This is because the t-value < t-table (1.828 < 1.96) and P-values > 0.05 (0.068 > 0.05). Thus, the second hypothesis which states "Digital Marketing influences the performance of SMEs in Makassar City" is not proven and is declared rejected.

Although the use of digital marketing media can benefit companies in terms of costs and fast transaction times, interactions that can be carried out with consumers more quickly, how interesting programs can be launched through digital marketing media, and can produce a more attractive appearance in promotions that are carried out. through digital media, however based on the results of this research, this does not necessarily improve the performance of SMEs in the city of Makassar.

The insignificant influence of Digital Marketing on the performance of SMEs in the city of Makassar in this research can be caused by promotions carried out through
digital media which are often considered ineffective by SMEs because the impact is not too big on the income and turnover of SMEs in the city of Makassar. Empirical facts from research in the field show that promotions carried out through pamphlets, flyers, vouchers and brochures directly have more significant results on company turnover. Promotion via digital media is considered less effective because it cannot reach end consumers emotionally. From the consumer perspective, researchers also conducted short interviews. Consumers stated that although for them promotions via social media often seem more attractive, they often feel confused about the promotions offered, who to contact, and how to use the promotions offered via social media.

The implication of the results of this research is that the use of digital marketing media does not necessarily improve the performance of SMEs in the city of Makassar. This is contrary to research put forward by Hawaldar et al.[24], which states that sales by companies are greatly influenced by digital media. Apart from that, our previous research [5] which also stated that digital marketing positively and significantly influences the performance of SMEs in the city of Makassar is also refuted by this research. This is the impact of differences in the population and sample of this study, where in previous studies the samples taken were SMEs in general, not food SMEs as in this study. Apart from that, there are different perspectives in the questions asked in this questionnaire.

4.3.3 The influence of employee productivity through digital marketing on the performance of culinary SMEs in Makassar City (hypothesis 3)

Based on the research results, it is known that employee productivity has a positive and significant effect on SME performance in Makassar City through the use of digital marketing media. This is based on the Indirect effect test (see table 10) which obtained a P value of less than 0.05 (0.001 < 0.05). Thus, the third hypothesis which states "Employee productivity has a positive and significant effect on SME performance in Makassar City through the use of digital marketing media" is proven and can be declared accepted.

Although employee productivity can directly influence the performance of SMEs, the influence will be greater if these SMEs carry out an innovation process using the digital marketing media they have [3].
5 CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSION

1.) Based on the research results, it is known that employee productivity has a positive and significant effect on the performance of culinary SMEs in the city of Makassar. Haang et al [17] stated that an employee's work productivity will help improve the performance of a company. Furthermore, Onkelinx et al [8] revealed that companies will experience increased performance and can even become large companies if their employees are productive. Employees can be said to be productive if they are able to solve problems, foster creativity, increase effectiveness and efficiency in carrying out work. This is what can improve the performance of SMEs in the city of Makassar.

2.) The insignificant influence of Digital Marketing on the performance of SMEs in the city of Makassar in this research may be because promotions carried out through digital media are often considered ineffective by SMEs because the impact is not too big on the income and turnover of SMEs in the city of Makassar. The author suggests combining traditional and digital marketing techniques to achieve customer loyalty to the product brands offered by SMEs. Often, consumers only look for products that offer promotions such as discounts when looking for products offered through digital media. This will reduce consumer loyalty to a brand. SMEs also do not benefit, because if they do not offer attractive programs or discounts then their products will not be purchased by consumers.

3.) The use of digital marketing media will influence the performance of SMEs in the city of Makassar if both the owners and their employees continue to productively carry out the innovation process in marketing their products.

5.2 SUGGESTIONS

1.) SME owners should pay attention to things that can increase the morale of their employees. Things such as providing bonuses, incentives and wages that are in accordance with employee performance, arranging employee working hours to be more efficient, and providing training that can increase the productivity of their employees even more in order to improve the performance of the business they own.

2.) The author suggests combining traditional and digital marketing techniques to achieve customer loyalty to the product brands offered by SMEs. Often, consumers only look for products that offer promotions such as discounts when looking for products offered through digital media. This will reduce consumer loyalty to a brand. SMEs also
do not benefit, because if they do not offer attractive programs or discounts then their products will not be purchased by consumers. SMEs should start looking for ways to generate brand loyalty for their products. This can be done by offering discount vouchers for your next purchase, a 10-free 1-time program, etc. By combining traditional and digital marketing techniques, it is hoped that these SMEs can build brand loyalty from their customers.

3.) The use of digital marketing media will influence the performance of SMEs in the city of Makassar if both the owners and their employees continue to productively carry out the innovation process in marketing their products. Maybe SME players can implement savings hours for eating on the spot, vouchers given to consumers who come to eat directly on the spot, and other interesting programs. This can be broadcast through social media and digital media owned by the UKM by utilizing existing employees as a cheap means of promotion, and can reach their potential consumers.
REFERENCES


