

UNVEILING THE PATHWAYS TO SUCCESS: ENTREPRENEURIAL SKILLS, DIGITAL LITERACY, AND GROWTH MINDSET AS KEY DETERMINANTS OF MSME'S PERFORMANCE

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Abstract

Small and medium enterprises (SMEs) play a crucial role in contributing to the economy of East Java. However, to improve their performance and business sustainability in the era of information technology, SMEs need to improve their skills in order to create competitiveness by mastering entrepreneurial skills, increasing digital literacy, having a growth mindset, and having strong spirituality. The questionnaire was used to collect data from 360 respondents in the Culinary Sector SMEs in the Gerbangkertosusila Region. The data was processed using SEM and the results showed that entrepreneurial skills and digital literacy had a significant effect on business sustainability, but no significant effect on SME performance; and Growth mindset had a significant effect on business sustainability and SME performance, while Business sustainability had a significant effect on SME performance. Digital literacy had a significant effect on entrepreneurial skills and growth mindset had a significant effect on digital literacy. Moreover, spirituality moderated the effect of business sustainability on SME performance. In conclusion, strengthening digital literacy and entrepreneurial skills is crucial for the sustainability of SMEs. Therefore, government programs need to be strengthened and sustained to have a positive impact on SMEs.

Keywords: Entrepreneurial Skills, Digital Literacy, Growth Mindset, Spirituality, Business Sustainability, SME Performance.

BACKGROUND

The Indonesian economy is displaying positive signs of recovery in the new normal era, with a growth rate of 5.44% in GDP during the second quarter of 2022. Around 64.2 million MSMEs, which contribute 61.07% to the country's GDP, play a crucial role in driving the economy, particularly in East Java, where they contribute 57.25% to GDP from 18.8 million businesses. The development of ICT has opened up new opportunities for MSMEs to market their products online. The government is continually encouraging the MSMEs to use ICT through various programs and policies, and acknowledges the potential of the creative economy, which led to the formation of BEKRAF (Creative Economy Agency) in 2015. The combination of economic growth, the significant role of MSMEs, ICT development, and the creative economy has immense potential to achieve significant progress in this new normal era.

The Creative Economy Agency (BEKRAF) is supporting the MSMEs, particularly the culinary sector, to stimulate the national economy; and The Ministry of Communication and Informatics launched a program aimed to encourage MSMEs to adopt digital technology 4.0, particularly those that are still running offline. The digitization of the culinary sector has created new

business opportunities and potential for job creation. However, not all businesses are successful, and some fail due to a lack of entrepreneurial skills. Al Mamun et al. (2019) discovered that entrepreneurial skills, market orientation, and business networks have a positive impact on entrepreneurial competence, which, in turn, along with entrepreneurial skills and business networks, positively impacts firm performance. Similarly, Sher et al. (2019) demonstrated that farmers' ability to identify market potential, carry out operations, and create economic value can enhance firm performance.

The sustainability of MSMEs can be enhanced through collaborative operating models, governmental policies, and facilities, as well as an adequate organizational culture that can influence the financial performance of MSMEs, thereby increasing their total performance (Das et al., 2020). Research studies have shown that the use of digital tools, such as the Internet, digital platforms, and digital orientation, has a positive impact on the sustainability of businesses. Khrais & Alghamdi (2022) concluded that there is a positive and substantial impact of utilizing digital tools in supporting business sustainability. The performance of MSMEs with the support of digital literacy also has a positive impact on sales. Armiani et al. (2021) revealed through their research results that MSMEs that market their products online are better known and can increase their sales and performance. A similar opinion was also conveyed by Afandi & Maha (2020) with the results of their research on digital platforms, which showed that the platform had a direct positive effect on the performance of MSMEs as seen from consumer satisfaction and product sales. Thus, digital literacy plays a significant role in the sustainability of MSMEs. Ollerenshaw et al. (2021) concluded that training that supports knowledge transfer, learning processes, and capability development, coupled with increased broadband internet access, can foster increased digital capabilities in MSMEs. Diptyana et al. (2022) supported the idea by stating that financial literacy and digital literacy have a positive effect on the performance of MSMEs. Therefore, promoting digital literacy among MSMEs is crucial, and various stakeholders can play a role in this process. The government can provide support through initiatives such as training programs and providing access to digital infrastructure.

In the other hand, Indonesian entrepreneurship differs from Western entrepreneurship in that it combines business acumen with spiritual values. Indonesian entrepreneurs blend their spiritual and entrepreneurial journeys, often starting their business ventures with prayers and seeking blessings for success. The Indonesian government recognizes the importance of spirituality in business, consequently building places of worship in public markets and other commercial areas. Major religious organizations in Indonesia, such as Muhammadiyah and Nahdatul Ulama, actively promote entrepreneurship among their members through the Muhammadiyah Young Entrepreneur Network, the Muhammadiyah Merchant Network, and the Nahdliyin Entrepreneurs Association. Even large corporations in Indonesia, such as Garudafood Group, embrace spirituality in their business practices. The founder of Garudafood Group, Sudhamek, emphasizes the importance of balancing material and spiritual aspects of life, believing that spirituality can guide entrepreneurs in making ethical decisions and achieving sustainable success.

Although spirituality plays a significant role in Indonesian entrepreneurship, its impact on the well-being of business owners and employees is still a subject of debate. According to Wuri et al (2019), there is a significant influence of spirituality on the welfare of entrepreneurs, but it is still lower than other groups of business owners and employees. Nevertheless, many Indonesian entrepreneurs believe that spirituality is an essential ingredient for success, viewing spiritualism as a source of strength, guidance, and motivation that enables them to navigate the challenges of the business world and build a sustainable enterprise.

Support for business emergence is not only limited to financial and infrastructure aspects but also needs to touch the realm of mindset. One mindset that is proven to support business continuity is the "Growth Mindset". According to Billingsley et al. (2021), there are 5 key elements in Growth Mindset in Entrepreneurship (GME): Mindsets of Leadership (visionary and inspirational leadership), Mindsets of Creativity (Ability to innovate and produce creative ideas), Person Mindsets (Persistence, optimism, and resilience in facing challenges), Intelligence Mindset (Ability to learn and adapt to change), Entrepreneurial Ability Mindset (Confidence and ability to build a successful business). Growth Mindset is also closely related to Entrepreneurial Mindset. Asenge et al. (2018) revealed that the level of innovation, creativity, business awareness, and decision-making have a significant influence on the performance of MSMEs.

Extensive research has been conducted on various factors affecting the performance of Micro, Small and Medium Enterprises (MSMEs), such as business sustainability, entrepreneurial skills, digital literacy, and growth mindset. However, the role of spirituality as a moderating variable in supporting MSME performance has not yet been explored. Additionally, despite the mediation effect of business sustainability on the performance of MSMEs, no previous research has investigated the relationship between spirituality and MSME performance in the culinary sector of Gerbangkertosusila. Therefore, this study aims to explore the moderating effect of spirituality on the performance of MSMEs in the culinary sector of Gerbangkertosusila, while also examining the mediating role of business sustainability in this relationship.

THEORETICAL FOUNDATION

The success of any organization depends largely on the capacity of its members and the strategies they employ. To achieve their goals, organizations rely on their members' unique strengths. Strategic management is a process that helps organizations gain a long-term competitive advantage over their competitors (Porter, 1985). This process involves making decisions and taking actions that contribute to the creation of an effective strategy or strategies that will help the business achieve its objectives (Hitt et al., 2010; Cherunilam, 2015).

Strategic management is closely linked to human resources (HR) management. By gathering, converting, using, and safeguarding knowledge, organizations can apply strategic management principles to HR management. Strategic planning involves making decisions about an organization's future direction and goals. It typically involves top-level leadership and is characterized by a future-oriented approach. Organizational strategic planning consists of primary components, such as the organization's vision, mission, goals, and core strategy, as

well as supporting aspects like operational planning, management functions, situational policies, internal and external networks, control and evaluation functions, and feedback.

Entrepreneurial Skills

Entrepreneurial skills are integral to the success and sustainability of micro, small, and medium enterprises (MSMEs). According to Locke & Baum (as cited in Chell, 2013), skills refer to the innovative and creative ability to generate novel ideas and envision possibilities. These skills are associated with competence in identifying and exploiting opportunities, as well as developing and implementing business plans to realize these opportunities (Johnson et al., 2015).

Empirical studies have identified key dimensions of entrepreneurial skills that contribute to success, including leadership, communication, human relations, technical skills, and innate talent (Chatterjee & Das, 2016). Further, research indicates that entrepreneurial skills are closely linked to the development of entrepreneurial ecosystems that foster business growth, innovation, and stakeholder value (Royo-Vela & Cuevas Lizama, 2022).

Recent studies have also explored the impact of competencies on the performance of MSMEs. Sakib et al. (2022) found that leadership and organizing abilities, learning, relationships, and commitment have a significant impact on MSME performance, while strategic competencies and opportunities do not. Similarly, Babayayi et al. (2021) found that strategic thinking, strategic steps, and visionary leadership positively influence MSME performance.

Based on this theoretical and empirical evidence, we propose the following hypothesis:

H1: Entrepreneurial skills significantly impact the MSME businesses sustainability.

H2: Entrepreneurial skills significantly impact the MSME businesses performance.

Digital Literacy

The digital age has revolutionized the way businesses operate, and today, digital literacy has become an essential prerequisite for both personal and professional success. The concept of digital literacy has been widely discussed in academic literature, with Reddy (2020) proposing that it encompasses the ability to use digital technologies efficiently and appropriately to produce information with new insights. This notion is supported by recent research on digital literacy in MSMEs, which suggests that training in the use of information technology devices can support the transfer of knowledge, learning, and development, build self-confidence regarding the use of digital devices, and enable MSMEs to explore innovation (Ollerenshaw et al., 2021).

Reddy (2020) further elaborates on the six main components of digital literacy, namely information literacy, computer literacy, media literacy, communication literacy, visual literacy, and technological literacy. Information literacy refers to the ability to find, allocate, analyze, and synthesize resources, evaluate the credibility of information sources, and comply with legal and ethical issues in digital platforms. Computer literacy involves understanding how to use a computer or digital device and its applications. Media literacy entails the ability to access,

analyze, evaluate, and communicate information using digital devices, while communication literacy refers to the ability to communicate effectively as an individual or work collaboratively in groups using the Internet. Visual literacy involves the ability to use digital technology to "read," interpret, and understand information presented in the form of graphics or images and the ability to convert information into visual representations. Finally, technological literacy encompasses the ability to use digital technology to improve learning, productivity, and performance.

Recent studies have demonstrated a significant positive relationship between digital literacy and several business performance variables, including innovation and financial performance (Alam et al., 2022; Arifuddin et al., 2022; Diptyana et al., 2022).

Based on this theoretical and empirical evidence, we propose the following hypothesis:

H3: *Digital literacy significantly impact the MSME businesses sustainability.*

H4: *Digital literacy significantly impact the MSME business performance.*

Growth Mindset

The concept of Growth Mindset has garnered significant attention in the field of entrepreneurship, with researchers examining its impact on business success and sustainability. Growth Mindset is defined as a mindset that believes abilities and talents can be developed (Dweck, 2006), and it has been found to be positively associated with creativity, measured risk-taking, and an entrepreneurial mindset (Neneh, 2012; Angel Chang et al., 2022). Entrepreneurs with a Growth Mindset are more likely to overcome challenges and take advantage of opportunities. To develop a Growth Mindset, Yudiati & Bellion (2022) suggest five steps, including controlling emotions, focusing on the process rather than results, changing the process to be more relaxed, being open to receiving criticism, and never giving up. Asenge et al. (2018) found that a Growth Mindset is positively related to innovation, creativity, and business awareness, as well as risk-taking and performance in micro, small, and medium enterprises (MSMEs). Moreover, Prabantoro et al. (2020) found that a Growth Mindset can help MSMEs formulate marketing strategies and improve their performance globally.

Based on this theoretical and empirical evidence, we propose the following hypothesis:

H5: *Growth Mindset significantly impact the MSME businesses sustainability.*

H6: *Growth Mindset significantly impact the MSME business performance.*

Business Sustainability

The concept of sustainability was first introduced by the Brundtland Commission in 1987 as a global concern about environmental degradation (Prabawani, 2013). Husted & Allen (2001) posit that integrating sustainable business practices within the core business strategy not only strengthens the business during economic downturns but also facilitates the adoption of a strategic approach through cost leadership. This suggests that sustainable business activities that are integrated into the core business strategy remain robust in unfavorable economic conditions and aid companies in adopting a strategic approach through cost leadership.

Research conducted by Tjahjadi et al. (2023) concluded that business strategy significantly influences business sustainability, spiritual capital influences business sustainability, and environmental management processes fully mediate the impact of business strategy on business sustainability. Furthermore, Das et al., (2020) contended that while business sustainability is a well-executed activity by companies, MSMEs tend to overlook social and environmental practices, which can significantly affect their financial performance.

Based on this theoretical and empirical evidence, we propose the following hypothesis:

H7: Business sustainability significantly impact the MSME business performance.

H8: Business sustainability mediates entrepreneurial skills on MSME performance

H9: Business sustainability mediates digital literacy on MSME performance

H10: Business sustainability mediates growth mindset on MSME performance

Spirituality

Spirituality has been defined as the recognition of an individual's inner life that is nourished and nurtured by purpose and meaningful work, which occurs within the context of community (Ashmos & Duchon, 2000). In the same vein, Wibowo (2021) posits that spirituality is a drive from within a person to carry out good activities following the values adhered to based on ethics, culture, religion, and norms, and applied in managing a company to achieve expected results such as increasing product sales and competitiveness. Moreover, Raco & Tanod (2014) emphasize that businesses must improve the welfare of other people, and the profits and benefits that are the result of business activities can help other people.

Khari & Sinha (2018) have concluded that the intervention variables psychological development and organizational trust fully mediate the influence of organizational spirituality on knowledge-sharing attitudes. Furthermore, Chin et al. (2012) have concluded that the success of entrepreneurs from the perspective of attention, in this case, feelings and emotions. In this context, successful entrepreneurs are those who have passion and good intentions, so success is not only due to individual factors but also due to environmental support.

Based on this theoretical and empirical evidence, we propose the following hypothesis:

H11: spirituality moderates the influence of business sustainability on MSME performance.

RESEARCH METHODS

The present study adopts a quantitative research approach grounded on the positivism philosophy, which aims to investigate a specific population or sample. In this case, the target population comprises the owners or managers of Indonesian-style culinary micro, small, and medium-sized enterprises (MSMEs) situated in Gresik, Bangkalan, Mojokerto, Surabaya, Sidoarjo, and Lamongan. The population under investigation refers to the entire group to which the research seeks to generalize. For this study, the population comprises Indonesian-style culinary MSMEs that satisfy the criteria stipulated in Law 11/2020 and its derivative regulation, Government Law 7/2021. Given the dynamic nature of businesses, the exact population size

remains unknown. The study employs a two-stage probability sampling technique, involving simple random sampling in the first stage, followed by non-probability sampling with convenience sampling in the second stage. The minimum sample size is determined using Ferdinand's formula, resulting in 244 respondents. Taking into account the business environment, the researcher has opted for a sample size of 360 respondents, representing 60 respondents from each of the six targeted cities/regencies.

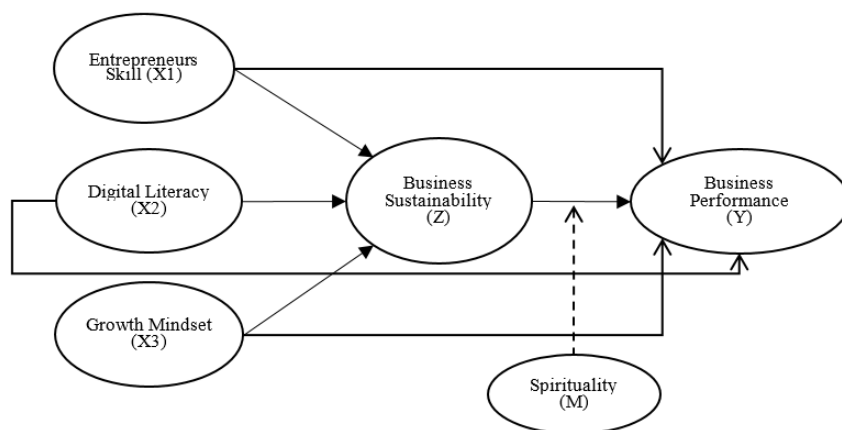


Figure 1: Conceptual Framework

RESULTS & DISCUSSION

Respondent's Characteristics

The present study delved into the characteristics of micro, small and medium-sized enterprises (MSMEs) operating in the culinary sector in Gerbangkertosusila. According to the data gathered, the sample consisted of 267 individuals, which accounted for 74.2% of the total, most of whom were women. Among the sample, 140 individuals fell in the age range of 30-40 years, which constituted 38.9%, while 188 individuals, or 52%, held an undergraduate degree. The study further revealed that only one staff member provided assistance to 217 individuals, which amounted to 60.3%. Also, 50% of the sample had a net income of less than 3 million rupiahs. The aforementioned figures highlight that the MSMEs in the culinary sector in Gerbangkertosusila are predominantly young mothers, highly educated, and operate on a small scale with a sole employee and a net income of less than 3 million rupiahs per month. These findings provide valuable insights into the characteristics of MSMEs in the culinary sector, which can be utilized to develop strategies to enhance their growth and sustainability.

Descriptive statistics

A comprehensive analysis of the entrepreneurial skills of Gerbangkertosusila's culinary MSMEs reveals a high degree of self-reported proficiency. The average score of 4.26 on the entrepreneurial skills variable, falling within the "strongly agree" zone (range 4.2-5.0), indicates a strong consensus among owners and managers regarding their capabilities. This suggests confidence in performing all operational tasks, from raw material procurement to final

product manufacturing. Interestingly, relationship building with stakeholders, encompassing suppliers, business partners, customers, and the local community, emerged as the most highly endorsed indicator. Respondents acknowledged the importance of fostering these relationships for both business success and positive societal impact. However, the area requiring the most improvement pertains to navigating a dynamic market. This finding highlights the need for Gerbangkertosusila's culinary MSMEs to further develop their entrepreneurial skillset to stay abreast of industry trends and ensure long-term sustainability.

The study also found that the respondents' perception of digital literacy demonstrated a high level of agreement, as evidenced by the variable's average score of 4.04, which falls within the range of values 3.4-4.2. This finding suggests that the owners of MSMEs in the culinary sector in Gerbangkertosusila possess good digital literacy skills, enabling them to effectively utilize IT in their business operational activities to produce products. Notably, the digital literacy indicator that perceived the highest was "literacy information", with an average score of 4.20 (high category), indicating that MSMEs in they are capable of finding business information from credible sources and can formulate operational problems for their business. However, the "media literacy" indicator was perceived as low, with an average score of 3.98, which pertains to the ability to access information from online media and communicate information on various digital platforms.

According to the survey, the culinary MSME owners in Gerbangkertosusila have a high growth mindset, which means they can face problems and innovate in their dishes. The respondents rated their growth mindset as high with an average value of 4.13. The indicator with the highest level of agreement was "mindsets of intelligence," with an average value of 4.24, indicating that they have excellent intelligence abilities that can help them succeed in their business. However, the respondents were less in agreement with the mindsets of people indicator, with an average value of 3.92. This specifically relates to the idea that people's character is hard to change, and they can develop their business with the attitude they have.

Respondents' assessment of the business sustainability variable is perceived as high with an average value of 4.03, this shows that MSME businesses in the culinary sector in Gerbangkertosusila have high sustainability, the process of business continuity from time to time can be carried out as planned. The value indicator proposition" is perceived as the highest with an average value of 4.15, meaning that MSMEs in the culinary sector in Gerbangkertosusila have competitive advantages in terms of price and quality, and have good waste management so that it is beneficial for creating value for their products. Furthermore, the "value creation" indicator was perceived as the lowest with an average value of 3.94, namely regarding the use of fewer resources to produce innovative dishes so that the waste produced can also be reduced to obtain increased product value. The findings of the study reveal that the respondents, who are MSME owners in the culinary sector of Gerbangkertosusil exhibit a significant level of agreement towards the assessment of spirituality. The variable average value of 4.26 highlights the strong religious inclination of the respondents, coupled with their belief in operating a business that can provide positive benefits to society.

Furthermore, the "Alignment with Organizational Values" indicator was perceived with the highest level of agreement, with an average value of 4.36. This highlights the strong belief of the MSME owners in the culinary sector of Gerbangkertosusila that their business activities must be in harmony with protecting the environment and providing positive benefits for other people. On the other hand, the "Sense of Community" indicator, which pertains to the feeling of being part of an environment that supports business activities, was perceived with the lowest level of agreement.

In conclusion, the culinary MSMEs in Gerbangkertosusila exhibit strong self-reported entrepreneurial skills, digital literacy, and a growth mindset, but need improvement in navigating dynamic markets and utilizing digital media. While these businesses demonstrate high business sustainability with a competitive advantage and good waste management, there's potential to further optimize resource use for waste reduction. Additionally, a strong emphasis on spirituality and social impact is evident, but fostering a supportive business community would be beneficial. Overall, Gerbangkertosusila's culinary MSMEs have a solid foundation, but require focused efforts to address certain weaknesses and unlock their full potential.

SEM Analysis

Table 1: Direct Structural Relationship Testing Results

	Direct Effect	Std. Estimate	S.E.	C.R.	P ^(a)	Decision
1	X1 → Z	0,306	0,052	6,672	0,007	H ₁ ACCEPTED
2	X1 → Y	0,080	0,091	1,290	0,315	H ₂ REJECTED
3	X2 → Z	0,374	0,048	7,841	0,009	H ₃ ACCEPTED
4	X2 → Y	0,011	0,083	0,163	0,861	H ₄ REJECTED
5	X3 → Z	0,454	0,055	8,539	0,010	H ₅ ACCEPTED
6	X3 → Y	0,302	0,105	3,485	0,007	H ₆ ACCEPTED
7	Z → Y	0,361	0,150	2,836	0,025	H ₇ ACCEPTED
X1 : Entrepreneurial Skills Z : Business Sustainability						
X2 : Digital Literacy Y : MSME performance						
X3 : Growth Mindset						
^(a) p-value was calculated using the bootstrap bias-corrected percentile method approach						

Based on the results of hypothesis testing, the following results were obtained:

- 1) The coefficient estimation results for the impact of entrepreneurial skills on business sustainability demonstrate a strong influence, with a CR value of 6.672 and a p-value of 0.007. The effect coefficient is 0.306 (positive), indicating that stronger entrepreneurial abilities increase business sustainability. Thus, the first hypothesis, which argues that entrepreneurial skills have a significant impact on business sustainability can be accepted.
- 2) The second hypothesis, which states that entrepreneurial skills have a significant effect, is not supported by the coefficient estimation results. With a CR value of 1.290 and a significance value (p-value) of 0.315, the resulting coefficient of influence is only 0.080, indicating that higher entrepreneurial skills have no real impact on improving the performance of MSMEs.

- 3) The coefficient estimation results for the impact of digital literacy on business sustainability are significant, with a CR value of 7.841 and a p-value of 0.009. The calculated effect coefficient is 0.374 (positive), indicating that better digital literacy increases business sustainability. Thus, the third hypothesis, which asserts that digital literacy has a major impact on business sustainability in MSMEs in Gerbangkertosusila's culinary sector, can be accepted.
- 4) The coefficient estimation results for the impact of digital literacy on MSMEs' performance suggest that it is not significant, with a CR value of 0.163 and a p-value of 0.861. The estimated coefficient of influence is 0.011, indicating that increased digital literacy has no significant impact on MSMEs' performance. As a result, the fourth hypothesis, which asserts that digital literacy has a substantial effect on the performance of MSMEs in the culinary sector in Gerbangkertosusila, is denied.
- 5) The coefficient estimation results for the influence of growth mentality on business sustainability are significant, with a CR value of 8.539 and a p-value of 0.010. The calculated influence coefficient is 0.454 (positive), indicating that MSME players with a growth mindset are more likely to have a sustainable business. Thus, the fifth hypothesis, which asserts that a growth mentality has a major effect on company sustainability in MSMEs in Gerbangkertosusila's culinary sector, can be accepted (H5).
- 6) The coefficient estimation results for the influence of growth mindset on MSME performance are also substantial, with a CR value of 3.485 and a significance level (p-value) of 0.007. The calculated effect coefficient is 0.302 (positive), indicating that MSME actors with a growth perspective will perform better. As a result, the sixth hypothesis, which asserts that a growth mentality has a major effect on the performance of MSMEs in Gerbangkertosusila's culinary sector, can also be accepted.
- 7) The coefficient estimation results for the impact of business sustainability on MSME performance are also substantial, with a CR value of 2.836 and a significance level (p-value) of 0.025. The calculated influence coefficient is 0.361 (positive), indicating that MSME enterprises perform better when they are more sustainable. As a result, the seventh hypothesis, which argues that business sustainability has a substantial impact on the performance of MSMEs in Gerbangkertosusila's culinary sector, can be accepted.

Table 2: Results of Testing of Structural Indirect Relationships between Variables

No	Indirect Effect	<i>Specific Indirect Effect (Bias-corrected percentile method)</i>		
		<i>Std Estimate</i>	<i>P-value</i>	Jenis Mediasi
1	X1 → Z → Y	0,110	0,021	FULLY MEDIATION
2	X2 → Z → Y	0,227	0,010	FULLY MEDIATION
3	X3 → Z → Y	0,282	0,016	PARTIALLY MEDIATION
X1 : Entrepreneurial Skills Z : Business Sustainability				
X2 : Digital Literacy Y : MSME performance				
X3 : <i>Growth Mindset</i>				
^(a) <i>p-value</i> dihitung dengan pendekatan <i>bootstrapp bias-corrected percentile method</i>				

Based on the results of hypothesis testing, the following results were obtained:

- 8) The first indirect path significance test yielded a significant effect with a coefficient value of 0.110 (positive) and a p-value of 0.021. Thus, business sustainability mediates the impact of entrepreneurial skills on the performance of MSMEs in the culinary sector in Gerbangkertosusila. The mediator's nature is full mediation, which means that enhancing MSMEs' performance in the culinary sector cannot rely alone on solid entrepreneurial abilities, but must also be accompanied or focused on business sustainability to increase MSME performance. The implementation of entrepreneurial skills focused on business sustainability has been shown to improve MSME performance.
- 9) The second indirect path significance test yielded a significant effect with a coefficient value of 0.227 (positive) and a p-value of 0.010. As a result, business sustainability considerably mediates the impact of digital literacy on the performance of MSMEs in the culinary industry in Gerbangkertosusila. The mediator's nature is full mediation, which means that increasing the performance of MSMEs in the culinary sector requires more than just high digital literacy; it must also be accompanied or focused on business sustainability for MSME performance to increase. The implementation of digital literacy with an emphasis on business sustainability has been shown to improve MSME performance.
- 10) The third indirect path significance test yields a significant effect with a coefficient value of 0.282 (positive) and a significance level (p-value) of 0.016. Thus, business sustainability greatly moderates the impact of the growth mindset on the performance of MSMEs in the culinary industry in Gerbangkertosusila. The mediator's nature is partial mediation because the influence can be direct or indirect. This implies that a high growth mindset among MSME players will be able to encourage increased business performance, but if you also focus on strengthening the value of business sustainability, MSMEs' performance will improve even further.

Table 3: Results of Testing of Structural Moderation Relationships between Variables

	Direct Effect	Std. Estimate	S.E.	C.R.	P ^(a)	Decision
1	X1 → Z	0,368	0,155	2,445	0,015	H ₁₀ ACCEPTED
Z: Business Sustainability Y: MSME performance M: Spirituality						
^(a) p-value was calculated using the bootstrap bias-corrected percentile method approach						

Based on the results of hypothesis testing, the following results were obtained:

- 11) The results of spirituality moderation on the influence of business sustainability on MSME performance are significant, with a CR value of 2.445 and a p-value of 0.015. The moderating influence coefficient is 0.368 (positive), implying that spirituality strengthens the influence of business sustainability on MSME performance. These findings imply that MSME owners have a high level of spirituality, enthusiasm, and sincerity in the workplace, a strong sense of teamwork, and the ability to thrive in the values they hold, which strengthens business sustainability and encourages improvement in business performance. A multigroup analysis/conditional impact was also conducted to elucidate the role of spirituality in the effects of business sustainability on MSME performance, the findings of which are shown in Figure 2 below.

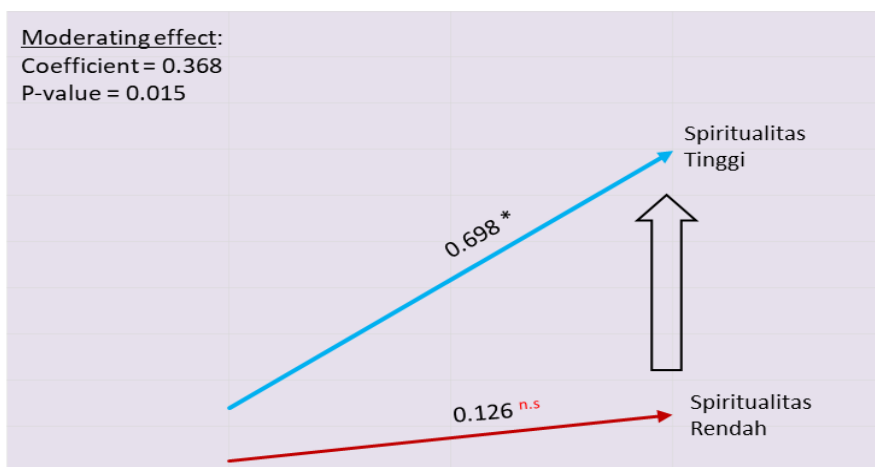


Figure 2: SEM Multigroup Analysis (Conditional Effect)

The higher the level of spirituality among MSMEs, the stronger the influence of business sustainability will be in encouraging increased business performance. It can be seen that the slope has increased from 0.126 at a low level of spirituality to 0.698 at a high level of spirituality. This means that spirituality will be able to have a real impact on strengthening the influence of business sustainability in encouraging increased business performance of MSME actors with high spirituality, more enthusiasm and more sincerity in work, a strong sense of togetherness with the team, and the ability to work in harmony with the values they adhere to.

Total Effect Analysis

Table 4: Total Effect Analysis Results

No	Total effect on MSME performance (Y)	Total Effect	C.R	P-value	Rank
1	Entrepreneurial Skills (X1)	0,190	3,308	0,025	4
2	Digital Literacy (X2)	0,239	4,108	0,015	3
3	Growth Mindset (X3)	0,584	9,244	0,009	1
4	Business Sustainability (Z)	0,361	4,633	0,011	2

The present study explores the effect of entrepreneurial skills, digital literacy, growth mindset, and business sustainability on the performance of micro, small, and medium-sized enterprises (MSMEs) in the culinary industry. The results of the total effect analysis indicate that all the aforementioned variables have a significant effect on MSMEs' performance, as evidenced by their overall influence yielding a p-value of less than 0.05. The total effect coefficient encompasses both direct and indirect effects. Furthermore, the study reveals that business sustainability in MSMEs in the culinary industry is primarily driven by the owner/manager's growth attitude, followed by digital literacy and, ultimately, entrepreneurial abilities. Although the conditions are largely similar, the performance of MSMEs in the culinary industry is also influenced by the growth mindset of their owners/managers, which includes business sustainability, digital literacy, and, lastly, entrepreneurial abilities. Additionally, the results of the total effect analysis provide insights into the priority scale for improving the performance of MSMEs in the culinary sector in Gerbangkertosusila. The first priority is to develop a growth

mindset, as it has both a direct and indirect impact on MSME success by mediating business sustainability. MSME players in the culinary sector must adopt a strong growth attitude to increase their company's success, given the tightening firm rivalry in the Industrial Revolution 4.0 era. This growth-minded ethos is particularly relevant in the digital age, especially in the aftermath of the COVID-19 pandemic. The second priority is to strengthen values for business continuity (sustainability). To do so, MSMEs must optimize raw material utilization, carry out efficient manufacturing activities, and decrease unnecessary costs to provide competitive prices and boost business profits while also reducing emissions through proper waste management. The third priority is to increase digital literacy, which, while not having a direct impact on business performance, has been shown to have a significant mediating influence through business sustainability. MSMEs with strong digital literacy have a better chance of ensuring the continuity of their firm, which can lead to improved business performance. Finally, improving entrepreneurial skills is the fourth priority, as they can only have a significant impact on business performance through the mediation of business sustainability. MSMEs with entrepreneurship skills have a better chance of maintaining their business's sustainability, which can lead to better business performance.

CONCLUSION

The research findings confirm the significant impact of entrepreneurial skills and a growth mindset on business sustainability, and the consequential outcome of improved performance for micro, small, and medium enterprises (MSMEs). The study also suggests that sustainable business practices can significantly contribute to the performance of MSMEs. In addition, the study reveals that digital literacy positively affects business sustainability, but it may not directly translate to better performance. The study highlights spirituality as a potential moderating factor influencing the relationship between sustainability and performance. Moreover, the findings indicate that a growth mindset positively influences both performance and digital literacy. Finally, the study demonstrates that digital literacy can be positively impacted by having a growth mindset. These findings contribute to the existing body of knowledge and expand our understanding of the factors that affect MSME success. The knowledge gained from this research is essential for stakeholders to develop effective programs and policies that support the growth and prosperity of MSMEs.

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