



The Impact of Digital Transformation and Remote Work on Performance Appraisal of the Business Service in Indonesia Following the Pandemic

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Abstract: The aim of this study is to investigate the correlation between digital transformation, remote work, motivation, and performance appraisal in the service industry of Indonesia following the COVID-19 pandemic. The present investigation utilizes quantitative techniques, more precisely descriptive approaches. The present study employs a sample of 133 participants to investigate the performance of service businesses. The current investigation utilizes the SPSS 26 software to conduct data analysis.

Keywords: digital transformation, remote work, performance appraisal

INTRODUCTION

The COVID-19 pandemic has led to a growing prevalence of remote work or work from home (WFH) arrangements being adopted by various organizations. The COVID-19 pandemic is a worldwide phenomenon that affects all organizations across the globe. The dissemination of the pandemic has prompted various modifications, including the adoption of a work from home policy, as a means of preserving the operational efficiency of service business enterprises (Faeni, 2022). The Covid-19 pandemic had a significant impact on the service business in the short term, leading to logistical challenges and reduced demand. However, the severity of these effects varied across companies and industries. The Covid-19 pandemic is expected to present varying challenges and opportunities for different types of service businesses, as noted by Setyoko and Kurniasih (2022) in their research. According to Faeni et al. (2022), the remote work policy is a strategic approach that involves the implementation of a remote communication system to facilitate the connection of all stakeholders in the organization, particularly in the pursuit of corporate objectives.

Amidst the COVID-19 pandemic, a set of four problematic areas emerged, one of which pertained to a decline in turnover as a result of limitations imposed on the populace of Indonesia with respect to their activities. Secondly, financial limitations have led to a reduction in sales volume. Thirdly, there exist impediments to the transportation of commodities owing to

limitations on the dissemination of goods in specific regions. According to Samsuri et al. (2021), service business encounter challenges in sourcing raw materials due to the competition for raw material stocks with other business entities.

The Covid-19 pandemic has limited service business activities. Advances in information technology are able to reduce limitations in business such as customer service processes, communication with customers and reduce waste in the production process. There are several recommendations for survival strategies that can be carried out by service businesses to be able to maintain their business, namely first selling through e-commerce because many people are now switching to online shopping, second, marketing products using digital technology (digital marketing) to reach more consumers. Third, improve the quality and quality of products and types of services. Fourth, do customer relationship marketing to create consumer trust and grow customer loyalty (Nurcaya et al., 2022). Digital transformation is one of the ways to accelerate the response to the COVID-19 pandemic that has hit the world since the end of 2019. As a sector that has proven reliable in dealing with the service business crisis, with encouragement to accelerate its digital transformation process due to limited distance restrictions in policies enforced during the pandemic (Muditomo & Wahyudi, 2021). The demands of the digital economy are driven by the Covid-19 pandemic that has hit Indonesia since the end of 2019. Covid-19 has affected all sectors of human life, including the economic sector operated by private business entities (Kurniawati et al., 2021).

LITERATURE REVIEW

Digital Transformation

The process of business transformation encompasses a broader scope of modifications beyond the mere adoption of novel digital technologies. The ultimate objective of such a transformation is typically to endure and subsequently flourish, as posited by Li et al. (2022). According to Tagarev (2019), the current process of digital transformation necessitates substantial investment and innovation to ensure cybersecurity and the protection of critical infrastructure and services that are increasingly dependent on digital infrastructure. Additionally, it is crucial to enhance the resilience of various entities such as organizations, communities, industries, countries, and alliances to counteract malicious activities in cyberspace. The phenomenon of digital transformation has garnered interest from individuals across diverse fields, including marketing, business, management, IT, and IS. The proliferation of information and communication technology (ICT) has had a significant impact on it. The alterations that have transpired have given rise to the emergence of a novel commercial milieu commonly referred to as the "digital business ecosystem." The strategic decisions made with regard to the external and internal environment are influenced by changes in the business ecosystem (Rahimi et al., 2022). According to He and Su's (2022) research, effective digital leadership is necessary for managing internal roles and ensuring compliance in order to achieve targets related to creating a friendly environment.

According to Kawung et al. (2022), the concept of transformation pertains to modifications within an organization that have a substantial effect on the structure of the organization. The integration of digital technology is a crucial factor in the prospective triumph of diverse industries, encompassing business administration and customer engagement. However, the majority of executive teams are required to surmount opposition from employees towards digital transformation, as per the findings of Rupeika-apoga et al. (2022). The increasing significance of digital transformation has resulted in the emergence of various gradations pertaining to the process of digitization. Merdin et al. (2022) have conducted research that examines the impact of digitalization on various aspects such as finances, leadership, employees, and business models. Furthermore, their study also evaluates the perceptions of utilizing new technologies. The significance of digital transformation in small

and medium-sized enterprises (SMEs) is noteworthy. Micro, Small, and Medium Enterprises (MSMEs) have identified that the digital transformation of their businesses can be influenced by two distinct categories of factors: internal and external. The internal factors encompass capabilities fit, resource fit, and alterations in the business model. According to Tarutè et al. (2018), external factors encompass external capabilities and resources, governmental regulation, and industry-related factors. According to Kenanga et al. (2022), it is imperative for Micro, Small, and Medium Enterprises (MSMEs) to undertake digital transformation in order to effectively respond to evolving customer demands and advancements in information technology. The process of digital transformation need not necessarily entail the adoption of revolutionary business models, novel product categories, or reactive measures to rival technologies. It can manifest in various ways. According to Sudiardhita et al. (2018), it is premature to assert that the digital transformation pioneers in the sample have attained initial mover advantages or disadvantages, until the market attains stability.

The process of digital transformation necessitates the presence of teams that possess cross-functional orientation and robust backing. The significance of this matter lies in the fact that during a digital transformation, organizations typically maintain their internal structures, while the teams responsible for the transformation assimilate into the pre-existing framework. The physical and organizational placement of teams can significantly impact their capacity to influence cross-functional groups that play a crucial role in authentic digital transformation. Several organizations have constrained their digital advancement by structuring their teams around either marketing or information technology. According to Barry Libert et al. (2016), the implementation of digital technology has the potential to enhance the efficiency and effectiveness of processes within a company or institution. The investigation of the factors that support digital transformation remains an area that requires further exploration, particularly in the context of regional development, which represents a notable gap in the existing literature (Alam et al., 2022). The current acceleration of digital transformation presents an opportune moment for governmental bodies to exert influence over a multitude of economic and industrial sectors. These sectors may include, but are not limited to, financial services, retail, health, agriculture, manufacturing, education, tourism, media, culture, and others. Kamel (2021) is cited.

Casciani et al. (2022) have identified a digital transformation taking place in the supply chain, encompassing various stages such as design and development, business-to-business (B2B), business-to-consumer (B2C) marketing, manufacturing, and retail. This transformation involves both process and product innovation and is also associated with sustainability considerations, including cultural, social, economic, and environmental aspects.

The formulation and implementation of a digitization strategy holds significant importance in guaranteeing a sustainable return on investment from the immediate measures undertaken to alleviate the repercussions of the crisis. A digital transformation strategy is essential for identifying the requisite alterations to the business model. The citation "Reuschl et al., 2022" has been provided. The categorization of services and applications, as proposed by Schallmo and Williams (2021), includes the following: 1). Digital data refers to the utilization of techniques such as processing and collection to enhance decision-making and predictive capabilities in the realm of data analysis. The integration of traditional artificial intelligence facilitating independent operations and self-regulatory mechanisms. To enhance operational efficiency, minimize error rates, expedite processes, and reduce operating expenses. The concept of autonomy is being questioned. The provision of digital customer access enables direct client accessibility to the mobile internet infrastructure, specifically the fourth generation (4G) network. Cellular networks have the potential to facilitate extensive broadband communication that can be synchronized throughout the supply chain. According to Tagarev (2019), during the transformation phase, digital capabilities facilitate novel forms

of innovation and creativity within particular domains. This includes not only the augmentation and reinforcement of conventional methods, but also the modification of marketing strategies, business models, operations, products, marketing approaches, goals, and so on.

The implementation of digital transformation has the potential to enhance operational efficiency and uphold service standards, thereby leading to a reduction in expenses and wastage. Digital health interventions that involve two parties can offer person-centered care on a worldwide level. These interventions may incorporate decision support systems, which have the capacity to enhance service performance and quality. In order to ensure that the advantages of digital technologies are experienced across all sectors of society, it is imperative that digital innovations are effectively and durably integrated into a functional healthcare ecosystem (Reuschl et al., 2022). Telukdarie et al. (2022) argue that the digital transformation and restructuring of MSMEs are crucial for promoting economic growth and facilitating globalization. However, they also emphasize the need to adopt a strategic approach in the implementation of modern tools. The utilization of technology within small and medium-sized enterprises (SMEs) is a multifaceted endeavor, particularly in light of its evolution. The intricate modifications pose a challenge for small-scale entrepreneurs, particularly those hailing from rural areas, who have limited exposure to advanced and contemporary technologies, thereby impeding their ability to acquire knowledge about them within a brief timeframe (Hasbolah, 2021). During the phase of enacting digital transformation, the aforementioned task is executed. The utilization of digital media for promotional purposes. Marketing promotion is a crucial aspect that commercial enterprises must undertake. Establishing interaction between consumers and our products can be achieved through the creation of a blog. This step can prove to be effective in facilitating communication between the two parties. The process of establishing an e-commerce platform. In order to sustain products in the contemporary era of digitalization, it is imperative to establish an online store. The complete acceptance of cashless transactions in offline purchases is yet to be achieved as consumers still prefer to use cash due to its prevalence and infrequent use of cashless modes. The approach adopted involves imparting knowledge to consumers regarding the convenience of utilizing cashless payment methods, which can be accessed through various e-wallets and mobile banking platforms (Watini et al., 2022).

According to Tabrizi et al. (2019), the digital transformation process is inherently characterized by uncertainty, requiring temporary changes that must be adapted, prompt decision-making, and the involvement of groups from various parts of the organization. The potential for digital technology to surpass traditional media channels and marketing communications in optimizing the marketing mix has been noted (Arobo, 2022). In order to promote the adoption of digital payment methods among MSMEs, Bank Indonesia has implemented the QRIS system, as outlined in the Indonesian Payment System Blueprint of 2019. The utilization of QRIS technology offers several benefits, including expedited, streamlined, and documented payment transactions. Furthermore, it can be asserted that QRIS transactions are executed in a secure manner as they are subject to the regulatory oversight of Bank Indonesia, as noted by Sulistyaningsih and Hanggraeni (2021). Moreover, in order to bolster and enhance the efficacy of Micro, Small, and Medium Enterprises (MSMEs), as well as to ensure the perpetuation and advancement of MSMEs as a constituent of the informal economic sector that bolsters the community's economy, it is imperative to adapt to the swift evolution of the digital era (Islami & Wahyuni, 2020).

Remote Work

Perdiyanti and Faeni (2021) suggest that the implementation of effective remote work can be facilitated by establishing a private and convenient workspace outside of the traditional office setting. This can be achieved through the creation of comfortable and safe home

conditions, which can serve as a home office. The notion of remote work entails the execution of certain tasks by individuals in the service business from their respective domiciles. The practice of working from a location other than a traditional office, commonly referred to as remote work, can also be described as working from desired place or residence. As per the findings of Perdiyanti and Faeni (2021), it can be inferred that in an office setting, there is no requirement for personal interaction among co-workers. According to Garrote Sanchez et al. (2021), there are certain homework assignments that may not necessitate the use of a computer, such as those performed by call center employees. According to Milcheva and Xie (2022), while a remote work environment offers advantages such as the convenience of fulfilling personal needs and a serene and cozy atmosphere, it may also serve as a potential source of distraction for employees. The investigation of the productivity implications of hybrid models, wherein remote work is not a dichotomous variable but rather a continuous one (such as remote work during specific days or hours of the week), may represent a significant avenue for forthcoming scholarly inquiry (Garrote Sanchez et al., 2021).

Implementing remote work is a viable approach to mitigate the transmission of the epidemic. Remote work can also be utilized as a means of conducting business. According to Björkdahl (2020), remote work refers to paid work that is performed remotely, often from one's home. It is possible to make a viable and cost-effective choice from employees who work remotely from their individual residences. The present study is focused on addressing the challenges posed by an ever-evolving and boundless revolution, specifically the practice of remote work or telecommuting (Faeni et al., 2021). The work from home process involves a series of stages, including the assessment of work outcomes, the analysis of field procedures, and the formulation of strategic plans. The implementation of work from home can be categorized into five distinct concepts, which include adherence to government regulations, utilization of online media applications, maintenance of work-life balance, demonstration of professionalism in the workplace, and fostering positive familial relationships. The terms "remote work" and "telecommuting" possess nuanced distinctions in meaning, implying two distinct approaches to the notion of conducting work from a remote location. Remote work, a form of employment that takes place outside of a traditional office setting, is often used interchangeably with the term telecommuting. The frequency of searches pertaining to remote work has increased, and there is a greater abundance of information sources that discuss the topic. The term "remote work" was found on 17.2 million web pages, while "telecommuting" was found on 13.9 million web pages. In contrast, Google Scholar provides access to 51,000 scholarly articles pertaining to telecommuting and 13,700 articles on remote work. Nonetheless, a subtle distinction exists between these two concepts. Telecommuting refers to the practice of working outside of the traditional office setting, often from one's residence, whereas remote work denotes a situation where the employee resides outside of the primary headquarters or central office of the organization. The variances in geography may appear trivial at first glance, however, they necessitate modifications in the management and engagement of the workforce. In order to effectively lead and maintain the necessary level of productivity among remote employees, managers must implement distinct communication and management strategies and exert additional effort. Remote work and telecommuting are characterized by several distinctions, including but not limited to employment laws, financial responsibilities, cultural diversity, time zones, scheduling, and performance expectations. According to Savić (2020), remote workers frequently consist of self-employed individuals and independent contractors who operate outside of conventional office environments.

Business Service Performance

Organizations have a multitude of options when it comes to defining performance, with the most prevalent approach being the utilization of specific indicators, as noted by Hati et al.

(2021). According to Mashudi (2021), an employee is a functional entity that engages in a series of activities to accomplish tasks aligned with the objectives of the organization. Job performance, also referred to as actual performance, pertains to the accomplishments or achievements attained by an individual in the workplace. According to Winarto (2020), an employee's performance is the outcome of their work in terms of both quality and quantity, as they fulfill their assigned responsibilities. The assessment of business performance serves to verify its efficacy, gauge the effectiveness of various metrics such as service, development, financial, commercial, or other factors, compare roles, communicate its standing or progress internally and with stakeholders, validate performance management, cost and governance objectives, prioritize expenses, and other relevant considerations (Alabsy, 2021). The achievement or outcome of executing all business-related activities is referred to as business performance. Sales growth and profitability are recognized as key indicators of business performance, as stated by Yacob et al. (2021). ->

According to Hati et al. (2021), the performance appraisal process comprises three primary components, namely: (a) task performance, (b) citizenship performance, and (c) counter-productive performance. The challenges faced by service-oriented enterprises: (1) From the perspective of innovation performance, it can be observed that service-oriented businesses have yet to fully integrate contemporary management systems. Consequently, such businesses continue to rely on distinctive advantages, without the aid of more advanced technological innovations to enhance sales and marketing, as well as optimize the utilization of business resources. This observation suggests that the innovation performance of business services is not fully optimized. The adequacy of entrepreneurial competencies and capabilities in business services, including their human resources, may not align with anticipated benchmarks. Such circumstances can have a direct or indirect impact on the effectiveness of business innovation. According to Darmo et al. (2021), business services do not prioritize benchmarking strategies to achieve their goals, which may result in a lack of alignment with advancements in innovation performance. Additionally, these services may have advantages in terms of time, effort, and resource allocation efficiency.

RESEARCH METHODS

Research Variable

Exogenous Variables

The aforementioned variable is functioning as a predictor, a stimulus, and a precursor. The independent variable is a factor that is observed to vary in response to changes in the endogenous or bound variable. The study incorporated two exogenous variables, namely digital transformation, and remote work.

Endogenous Variables

Endogenous variables are defined as variables that undergo changes based on certain factors or criteria that have been previously established. The dependent variable can be subject to interpretation. The dependent variable is the variable that is influenced by the independent variables. The research focuses on the relationship between motivation and performance appraisal of business service, with motivation and performance appraisal being the dependent variable.

Operational Variables

Operational, namely a design that has intangible properties to make it easier to measure a sample of a variable.

Table 1. Operational Variables

Variable	Dimensions	Indicator	Scale
Exogenous Variable (X)	Digital Transformation (X ₁)	1. Digital Transformation	Likert 1-5 Ordinal
		Ease of use of Digital Transformation	Likert 1-5 Ordinal
		3. Planning and Supervision	Likert 1-5 Ordinal
Exogenous Variable (X)	Remote Work (X ₂)	1. Work anywhere	Likert 1-5 Ordinal
		2. Efficient	Likert 1-5 Ordinal
		3. Family	Likert 1-5 Ordinal
Endogenous Variable (Y)	Performance Appraisal (Y ₂)	1. Work quality	Likert 1-5 Ordinal
		2. Productivity	Likert 1-5 Ordinal
		3. Discipline	Likert 1-5 Ordinal
		4. Efficiency	Likert 1-5 Ordinal
		5. Supervision	Likert 1-5 Ordinal

Conceptual Framework of Research

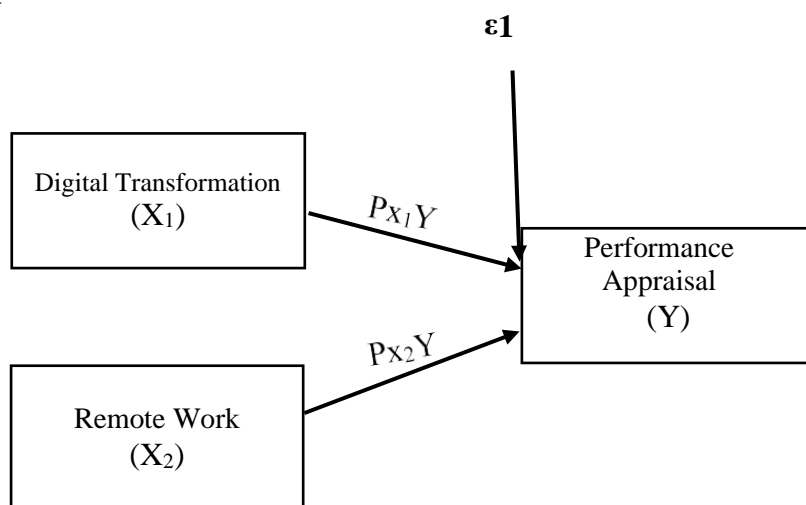


Figure 1. Conceptual Framework

Hypothesis

- a) H1: The implementation of Digital Transformation has been found to exhibit a noteworthy positive correlation with the performance of Business Service subsequent to the COVID-19 pandemic.
- b) H2: The practice of remote work has been found to have a notable positive correlation with the performance of business services. Following the COVID-19 pandemic, there have been significant changes in various aspects of society.

Population and Sample

The present investigation focused on the populace of Indonesia, comprising a sample

size of 133 individuals who were residents of the country. The calculation of the sample size in this study is based on the utilization of the subsequent formula:

$$\bar{n} = \frac{N}{1 + N(e)^2}$$

Information:

N : number of sample

N : Number of population

e : error

form number 200 population the number of samples (*n*) are:

$$n = \frac{200}{1 + 200 (0.05)^2}$$

The number of samples in this study were 133 Indonesia community.

Data Collection

The methods employed for gathering data can be classified into two distinct categories, namely primary and secondary techniques. This approach encompasses various techniques such as interviews, observations, questionnaires, and literature reviews.

Goodness of Fit

The model was tested as a whole using values obtained as a reference through SEM analysis, as reported by Sudiardhita et al. (2018). The objective is to assess the worth of the data acquired through model matching. A test for the fit of the model was conducted. The measurements obtained through Partial Least Squares (PLS) can be succinctly presented in the following tabular format:

Table 2. Goodness of fit

Measurement Models	Criteria
SRMR	< 0.08 (Henseler, 2014)
NFIs	> 0.90 (Lohmöller, 1989)
rms Theta	< 0.12 (Lohmöller, 1989)

Source: Smart PLS Gozali book, 2015

Research Instrument Test

Valid statements are subjected to testing. The quality of the data obtained can be indicative of the arrangement of validity and reliability. The criteria used to assess the validity and reliability of a statement are determined by the following factors:

Table 3. Rule of Thumb Evaluation of the Measurement Model (Outer Model)

validity	Parameter	Rule of Thumb
Convergent Validity	Loading Factor	>0.70 for confirmatory research. > 0.60 for exploratory research.
	Communality	>0.50 for confirmatory and exploratory research
	AVE (Average Variance Extracted)	>0.50 for confirmatory and exploratory research

Discriminant Validity	Cross Loading	> 0.70 for each variable.
	AVE Square Root and Square root AVE > correlation between latent constructs	correlation between latent constructs

Source: Chin, 1998; Hair *et al.*, 2011; Ghozali, 2015

Validity Test

The validity of a measurement scale is established when the measured variables conform to the specified conditions. The utility of the research findings hinges on the validity test outcomes, thus necessitating meticulous execution and measurement of the requisite procedures.

Reliability Test

The reliability test is a research tool utilized to assess the consistency of data produced by a given object (Saleh & Utomo, 2018). The quality of the data obtained can serve as an indicator of the composite nature of validity and reliability. The Rule of Thumb table criteria serve as the basis for evaluating the validity and reliability of a statement, as per established standards. The assessment of the measurement model's outer component, as presented in Table 3.4, indicates that the Cronbach's alpha value exceeds 0.7 and the composite reliability value exceeds 0.5.

FINDINGS AND DISCUSSION

Outer Model

Model measurement is that there is a relationship between the construct and the indicator. Convergent validity is a trait that is owned in the initial evaluation test.

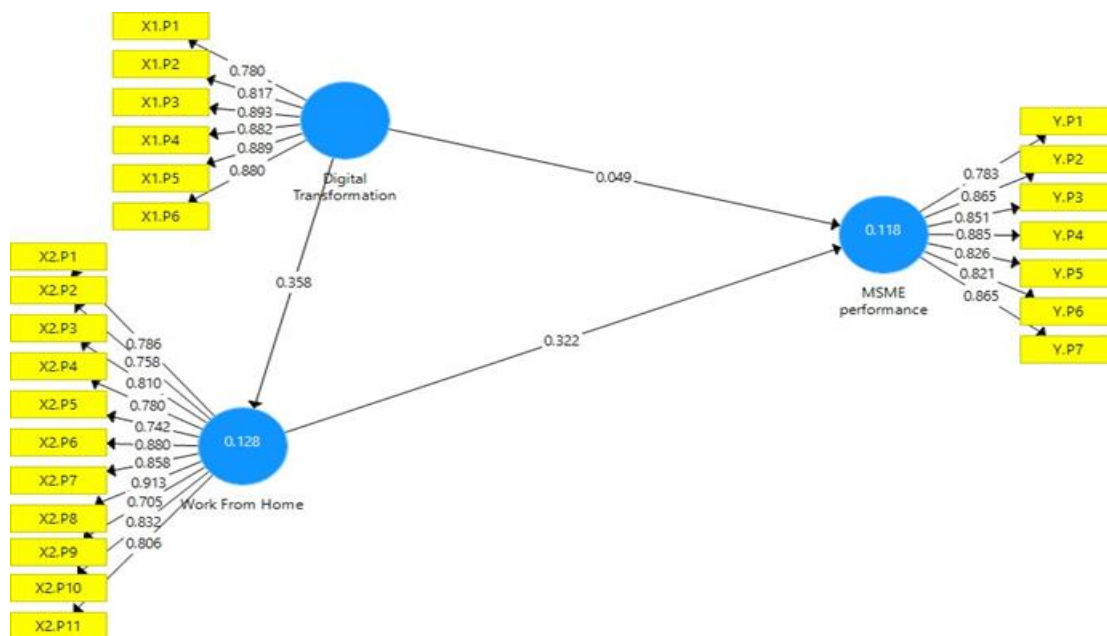


Figure 2. Outer model

Validity Test Results

The assessment of validity comprises two distinct categories: discriminant validity, which is evaluated based on the square root of AVE and cross loadings, and convergent validity, which is determined by the loading factor. The Average Variance Extracted (AVE) is also utilized in the evaluation of discriminant validity.

Table 4. Validity Test Results (Loading factor)

Declaration Number	Test result	Validity Description
<i>Digital Transformation</i>		
X1 .P1	0.780	Valid
X1 .P2	0.817	Valid
X1 .P3	0.893	Valid
X1 .P4	0.882	Valid
X1 .P5	0.889	Valid
X1 .P6	0.880	Valid
<i>Remote Work</i>		
X2 .P1	0.786	Valid
X2 .P2	0.758	Valid
X2 .P3	0.810	Valid
X2 .P4	0.780	Valid
X2 .P5	0.742	Valid
X2 .P6	0.880	Valid
X2 .P7	0.858	Valid
X2 .P8	0.913	Valid
X2 .P9	0.705	Valid
X2 .P10	0.832	Valid
X2 .P11	0.806	Valid
<i>Business Service's performance</i>		
Y, P1	0.783	Valid
Y, P2	0.865	Valid
Y, P3	0.851	Valid
Y, P4	0.885	Valid
Y, P5	0.826	Valid
Y, P6	0.821	Valid
Y, P7	0.865	Valid

Moving forward, the assessment of discriminant validity shall be conducted utilizing the average variance extracted (AVE) value. The AVE value is presented in Table 4, indicating the corresponding values.

Table 4. Value of Average Variance Extracted (AVE)

Variable/Construct	Average Variance Extracted (AVE) (>0.5)
<i>Digital Transformation (X₁)</i>	0.736
<i>Remote Work (X₂)</i>	0.654
<i>Business Service's Performance (Y)</i>	0.711

In Table 4 it can be seen that the AVE value of each variable is above 0.5 so that it can be said to be valid in discriminant based on AVE.

Table 5. The result of Reliability of Each Variable.

Variable/Construct	Test Results		Reliability Statement
	Cronbach's Alpha ()	Composite Reliability ()	
<i>Digital Transformation (X₁)</i>	0.929	0.943	Reliable
<i>Remote Work (X₂)</i>	0.947	0.954	Reliable
<i>Business Service's Performance (Y)</i>	0.932	0.945	Reliable

Moving forward, the assessment of discriminant validity shall be conducted utilizing the average variance extracted (AVE) value. Table 4 displays the AVE value, which can be observed therein.

Inner Model

The objectives of this study include determining the coefficient of determination, significant value, and correlation between constructs. The coefficient of determination, commonly referred to as R-square, can be utilized as a means of assessing structural models.

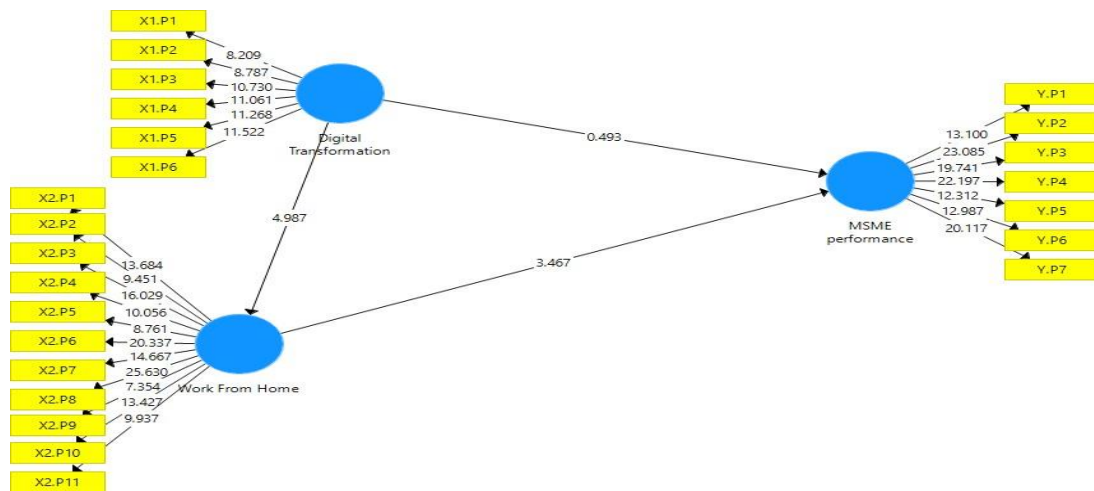


Figure 3. Figure Inner Model

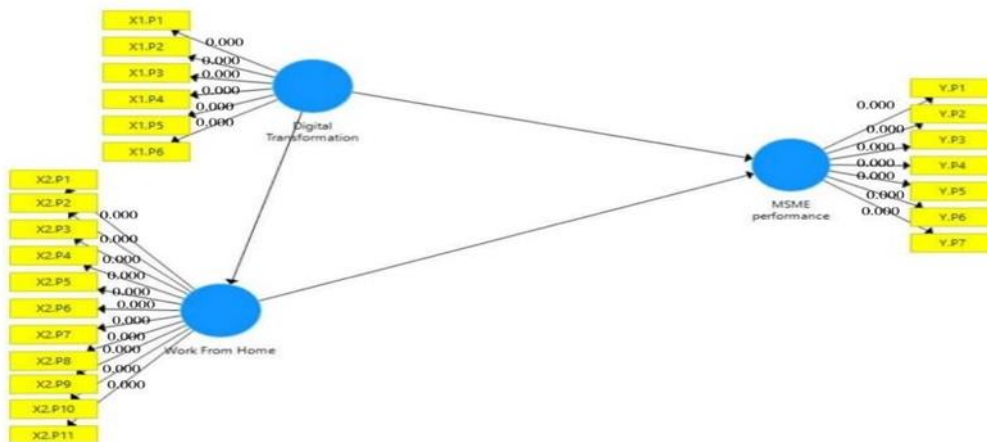


Table 4. Significance Test Result

Based on table 6 above, it shows that all T-statistic indicators have a value of more than 1.96, so in conclusion, all indicators of the Digital Transformation, Remote Work and Business Service’s Performance variables are significant.

Table 7. Test of Inner Model

Variable/Construct	T-Statistics	P-Values	Description of Significance
Digital Transformation > Business Service’s Performance	0.493	0.622	Not significant
Digital Transformation > Remote Work	4,987	0.000	Significant
Remote Work > Business Service’s Performance	3,476	0.001	Significant

Hypothesis Testing

The hypothesis is the primary proposition posited by the researcher at the outset of a research endeavor. (Purwanza et al., 2022)

Table 8. Original Samples

Variable/Construct	Original Sample
Digital Transformation (X1)	0.049
Remote Work (X2)	0.358
Business Service’s Performance (Y)	0.322

Based on the original sample table, it can be concluded that the variable values are positive and negative. Digital Transformation has no effect of 0.053 on Remote Work and Digital Transformation has an effect of 0.318 on Business Service’s Performance.

Table 9. Test the suitability of the model

C	Criteria	Test result	Information
SRMR	< 0.08 (Henseler et. al, 2014)	0.083	Fit models
NFIs	> 0.90 (Lohmöller, 1989)	0.678	Not Fit Models
rms Theta	< 0.12 (Lohmöller, 1989)	0.203	Not Fit Models

The SRMR value indicates that the specified criteria have been satisfied according to the test results. This implies that, based on the Goodness of Fit, the model is compatible and coherent with a portion of the gathered data. RMS Theta and NFI failed to satisfy the prescribed criteria, indicating that their Goodness of Fit is incongruous with the gathered data.

Table 10. R Square and Adjusted R Square

Endogenous Variables	R Square	Adjusted R Square
Business Service’s performance	0.118	0.104
Remote Work	0.128	0.121

The R-square value can be concluded as the result of the R-square value of MSME Performance of 0.118 (11.8%) and the R-Square Remote Work value of 0.128. The R-square value can be interpreted as the ability of the R-Square to have a weak or not strong correlation in the digital transformation variable, work from home, on Business Service’s performance.

CONCLUSION

Drawing from the discourse presented in preceding sections, it can be inferred that the outcomes of scrutinizing the data and conducting both partial and simultaneous hypothesis testing are as follows:

1. Digital Transformation provides a positive and insignificant correlation to Business Service’s Performance.
2. Remote Work provides a positive and significant correlation to the performance of Business Service.

Managerial Implications

1. The impact of digital transformation on the implementation of Business Service is both positive and statistically non-significant. Stated differently, the prevalence of digital transformation and information technology is on the rise, yet it appears to have no discernible impact on Business Service. Input factors that contribute to the digital transformation of Business Services and its impact on performance include remote work

facilitated by Google Drive for data storage. This approach has proven to be highly beneficial, resulting in increased productivity and enhanced monitoring capabilities. An efficient system links job planning and supervision on each task. The efficacy of Business Service is intrinsically influenced by the presence of digital-driven transformation, as well as the effectiveness of oversight and strategizing.

2. The impact of remote work on the performance of Business Service has been studied, revealing that it has the potential to enhance work activities conducted from home. As a result, the performance of Business Service may also experience a positive effect. The performance of Business Services is often impacted by the pressure of work, which can make it challenging to balance family responsibilities while working from home. The demands of family or spouses can hinder the ability to carry out work obligations effectively, and can also interfere with personal activities. It is unfeasible to carry out Business Service performance from home due to the work demands that arise while working remotely. Furthermore, not all tasks can be effectively executed in a work from home setting.

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