

The Influence of Digital Leadership and Organizational Commitment on Business Performance in Engineering SMES in Karawang

Pengaruh Kepemimpinan Digital dan Komitmen Organisasi Terhadap Kinerja Bisnis pada UKM Teknik di Karawang

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ABSTRACT

The purpose of this study was to determine the effect of digital leadership and organizational commitment on business performance in engineering MSMEs in Karawang. The locus of this research is the Karawang Engineering Entrepreneurs Association (APEK) with a population of 113 and the sample to be used is 88. This research method is quantitative with the analysis used is multiple linear regression. The results showed that digital leadership and organizational commitment have a positive and significant influence on the business performance of engineering MSMEs in Karawang. Leaders who optimize digital technology are able to improve efficiency, innovation and decision making, while strong employee commitment encourages productivity and loyalty. Simultaneously, both factors play an important role in creating a competitive and sustainable business environment. The implications of this research emphasize the importance of developing digital skills for MSME leaders, increasing organizational commitment and the need for policies that support digital transformation for MSMEs.

Keywords: Digital Leadership, Organizational Commitment, Business Performance

ABSTRAK

Tujuan dari penelitian ini adalah untuk mengetahui pengaruh kepemimpinan digital dan komitmen organisasi terhadap kinerja bisnis pada UMKM bidang teknik di Karawang. Lokus penelitian ini adalah Asosiasi Pengusaha Engineering Karawang (APEK) dengan jumlah populasi sebanyak 113 dan sampel yang akan digunakan sebanyak 88. Metode penelitian ini adalah kuantitatif dengan analisis yang digunakan adalah regresi linier berganda. Hasil penelitian menunjukkan bahwa kepemimpinan digital dan komitmen organisasi memiliki pengaruh positif dan signifikan terhadap kinerja bisnis UMKM teknik di Karawang. Pemimpin yang mengoptimalkan teknologi digital mampu meningkatkan efisiensi, inovasi, dan pengambilan keputusan, sementara komitmen karyawan yang kuat mendorong produktivitas dan loyalitas. Secara bersamaan, kedua faktor tersebut berperan penting dalam menciptakan lingkungan bisnis yang kompetitif dan berkelanjutan. Implikasi dari penelitian ini menekankan pentingnya pengembangan keterampilan digital bagi para pemimpin UMKM, peningkatan komitmen organisasi dan perlunya kebijakan yang mendukung transformasi digital bagi UMKM.

Kata kunci: Kepemimpinan Digital, Komitmen Organisasi, Kinerja Bisnis

1. Introduction

Along with the rapid development of digital technology, the engineering Micro, Small and Medium Enterprises (MSMEs) sector in Karawang shows significant potential in supporting the local economy and making a vital contribution to the industrial sector. The existence of MSMEs in this sector not only plays a role in creating jobs, but also in driving regional economic growth and increasing the competitiveness of the industry as a whole. However, in facing the ever-evolving

digital era, engineering MSMEs in Karawang are faced with new challenges that require adaptation and innovation. Changing consumer patterns, intensifying global competition and the demand to remain relevant in an ever-changing market are some of the many factors that affect the business performance of MSMEs in the region.

The development of engineering MSMEs in Karawang is experiencing various challenges in improving their business performance, especially in the face of the growing digital era. Although Karawang is known as one of the fastest growing industrial areas in Indonesia, MSMEs in this sector still face various obstacles in achieving optimal performance levels. Several fundamental problems are identified that are owned by MSMEs in Karawang such as:

1. Digital Technology Limitations Many MSMEs in Karawang still experience limitations in adopting and effectively utilizing digital technology in their business operations. This can hinder operational efficiency and effectiveness, as well as limit access to wider markets.
2. Quality of Human Resources, There are still issues regarding the quality of human resources (HR) in engineering MSMEs in Karawang. Lack of skills in operating digital technology, lack of understanding of modern business concepts and lack of motivation to innovate are obstacles in improving business performance.
3. High Level of Competition, Competition in the engineering MSME market in Karawang is getting tougher with the emergence of new competitors and the entry of large companies offering similar products and services. This requires MSMEs to have a strong competitive advantage to survive and thrive in an increasingly competitive market.

According to data from the Central Statistics Agency (BPS), the number of MSMEs in Karawang continues to increase from year to year. In 2022 there were more than 15,000 MSMEs in Karawang consisting of various sectors including the engineering industry sector. A survey conducted by the Karawang Chamber of Commerce and Industry (Kadin) in 2023 showed that only around 30% of MSMEs in the engineering sector have adopted digital technology in their business operations, while the rest still rely on conventional methods.

A study conducted by Fatimah and Azlina (2021) found that information technology in relation to organizational performance has a set of elements that support the realization of better organizational performance because it is influenced by speed, accuracy and accuracy. The study also shows that the successful implementation of digital technology is influenced by factors such as HR competence, technology accessibility and management support.

Current business conditions have forced MSMEs to move strategically towards the use of digital technology and the ability to utilize information technology into business operations. The results of Eryc's research (2022) show findings that digital technology capabilities with the direct presence of digital transformation have a positive relationship with Company performance.

The influence of digital leadership on business performance in engineering MSMEs in Karawang is a phenomenon that is increasingly relevant in the transformation of the digital industry. Along with technological advances, many MSMEs in Karawang have begun to realize the importance of utilizing digital technology in managing their business operations. Digital leadership is key in directing organizations to make optimal use of these technologies. But the fact is that many leaders of engineering MSMEs in Karawang still have limited knowledge and skills related to digital technology. This can hinder their ability to lead change and integrate digital technology in business strategy. The challenge is still that the implementation of digital technology is often faced with challenges such as high costs, lack of adequate technological infrastructure and resistance from employees or organizational members who are not used to change. There is also the challenge of creating a balance between traditional leadership that is oriented towards interpersonal

relationships and digital leadership that prioritizes data analysis and technology-based decision making.

Research conducted by Maryati and Siregar (2022) concluded that digital leadership can affect company performance, then information and communication technology (ICT) innovation can strengthen the relationship between leader digitalization and company performance. This research contributes to leaders to keep updating market needs, especially related to rapid technological developments following the pattern of consumer needs to compete in the global market. Based on the results of observations and in-depth interviews conducted by the Karawang Engineering Entrepreneurs Association (APEK) to its members, it shows that most MSME leaders in engineering recognize the importance of digital leadership but have difficulty in implementing it.

Another study conducted by Wesly et al (2021) explains that digital leadership has a significant influence on business performance. The results showed that businesses including MSME businesses led by leaders who are able to integrate digital technology in their business strategies and operations tend to have better business performance.

In addition to digital leadership in the 4.0 era, it is still necessary to instill organizational commitment to business leaders because organizational commitment has a crucial role in determining business performance in engineering MSMEs in Karawang. MSMEs that have a strong organizational culture and committed members tend to achieve better results in achieving their business goals. According to Sopiah (2018: 104) that people who are relatively satisfied with the results of their work will be more committed to the organization. Organizational commitment includes an attitude of liking the organization and a willingness to strive for high performance for the benefit of the organization for the achievement of goals, so that the higher the organizational commitment, the higher the organizational performance. However, managing organizational commitment in MSMEs is still a challenge in the midst of growing business dynamics. Many MSMEs in Karawang do not have a clear vision and mission, making it difficult for organizational members to feel bound and committed to a common goal. Limited resources, both financial and human resources, are often an obstacle in creating a work environment that allows the growth of high organizational commitment. In addition, the lack of involvement and support from MSME leaders in maintaining a positive organizational culture and encouraging the commitment of organizational members can hinder overall business performance.

In addition, there are still many managers of MSMEs in the engineering sector who have a low commitment to the organization, with a low level of commitment that will directly affect suboptimal work results. Organizational commitment is an attitude that reflects feelings of like or dislike for the organization where the activity is. Committed business owners are more willing to give their abilities to the organization and have better performance. This is in accordance with research conducted by Tolis (2017) that organizational commitment has a significant effect on performance. The results of this study confirm the importance of building an inclusive organizational culture and encouraging the active involvement of organizational members in achieving common goals.

Two aspects raised in this study, namely digital leadership and organizational commitment, play a key role in determining the success and sustainability of MSMEs in this digital era. Digital leadership refers to the leader's ability to utilize and integrate digital technology in the organization's decision-making, management strategies and operational processes. Organizational commitment, on the other hand, reflects the level of engagement, loyalty and dedication of organizational members towards common goals and corporate culture.

By analyzing the influence of digital leadership and organizational commitment on the business performance of MSMEs in engineering in Karawang, this research is expected to provide valuable insights for business owners, managers and other stakeholders in developing more effective strategies to improve competitiveness, productivity and growth of MSMEs in the midst of changing market dynamics. Through this research, it is also expected to make a meaningful contribution to the academic literature on business management, organizational strategy and digital transformation in the field of MSMEs.

2. Literature Review

Human Resource Management

Mangkunegara (2017: 2) defines human resource management as a planning, organizing, coordinating, implementing and supervising the procurement, development, provision, and separation of labor in order to achieve organizational goals. Hasibuan (2017: 10) human resource management is a strategic area of the organization. Human resource management can be interpreted as planning activities, procurement, development, maintenance and use of human resources to achieve good goals individually and organizationally. According to Simamora in Sutrisno (2017: 5), human resource management is the utilization, development, assessment, provision of compensation, and management of individual members of an organization or group of workers.

Digital Leadership

Digital leadership refers to leadership in the new era or the so-called 4.0 era, which is an era characterized by rapid technological growth. The following is an understanding of digital leadership according to several experts: Araujo et al., (2021: 46) define that: "*Digital leadership is the use of digital assets of an organization to achieve business goals at both organizational and individual levels.*" More or less has the meaning of digital leadership is the use of digital assets of an organization to achieve business goals at both organizational and individual levels. Van Wart et al., (2019: 83) said that: "*Digital Leadership is the effective use and blending of leadership from digital and traditional methods of communication.*" Which means that digital leadership is the effective use and blending of leadership from digital and traditional methods of communication. Meanwhile, Siagian et al., (2021: 171) argue that: "Digital leadership is the knowledge of a leader in order to direct the organization or company he leads to transform towards digital."

Organizational Commitment

According to Luthans (2014: 249) explains that organizational commitment is an attitude, namely a strong attitude to remain in the company, a strong stance to support company goals, implementing the values and morals that exist in the company in the employee's personal life. According to Allen and Meyer in Hamim, et al (2017: 127) organizational commitment is a characteristic of the relationship between individuals and organizations, this has an impact on decision making to survive, individuals who have a high commitment will prioritize the interests of the organization. According to Rivai in Khairatun Hisan (2021: 217) organizational commitment is a condition in which an employee sides with a particular organization and its goals, and intends to maintain membership in that organization.

Business Performance

According to the Big Indonesian Dictionary, "Performance is something that is achieved, achievement shown or work ability." Based on this definition, it can be concluded that the definition of performance is an ability or achievement achieved in carrying out a particular action. Slamet (2018: 162) Performance is a translation of the word *job performance* or *actual performance* which means work performance or actual performance achieved by a person. Performance is very important and must get more attention by all management or large and small companies. Because the results of the performance achieved are a form of accountability to the head of society and the public. Business performance is the result of work that can be achieved by a person or group of people in an organization, in accordance with their respective authorities and responsibilities, in order to achieve the objectives concerned legally, not against the law and in accordance with morals and ethics. Magdalena et al (2016: 136) define MSME business performance is a measure of the improvement of the business activities of MSME actors in realizing their business objectives. Company performance is a measure used to measure the success of a company in achieving predetermined goals where a company is said to experience success in areas if the existing practices match all the needs of the constitution. Vidi Arini Yulimar (2011: 3) Performance improvement can be in the form of reduced transaction costs and closer coordination of economic activities between business partners.

3. Methods

This research focuses on engineering MSMEs in Karawang that are members of APEK, with a sample of 88 respondents selected using the simple random sampling method. Primary data was obtained through questionnaires to MSME owners or managers, while secondary data was collected from related literature. The method used is descriptive quantitative, with multiple linear regression analysis to test the effect of digital leadership and organizational commitment on business performance. Validity and reliability tests were conducted using SPSS, with construct validity tested through factor and total score correlations, and reliability tested using Cronbach's Alpha. A normality test was conducted to ensure the data was normally distributed.

4. Results and Discussion

Validity and Reliability Test

This test is carried out in order to determine the validity of the data that has been obtained from the results of respondents' answers in the questionnaire that has been collected. In this test, two instruments are used, namely validity and reliability tests. Validity testing was carried out with computer assistance using the SPSS *for Windows Version 26.0* program. In this study, validity testing was carried out on 88 respondents. Decision making is based on the value of $r_{count} > r_{table}$ then the item / statement is valid and vice versa. Based on the results of the calculation and compared that all statements for the digital leadership variable organizational commitment and business performance have *valid* criteria, because the value of $r_{count} > r_{table}$.

The reliability test was carried out on question items that were declared valid. A variable is said to be reliable or reliable if the answers to the questions are always consistent. If the *Cronbach's Alpha* value > 0.6 , it can be concluded that the statements used to measure each variable can be trusted. The reliability test results show that the reliability coefficient value of the digital leadership

instrument, organizational commitment and business performance is declared reliable or meets the requirements because it has an "Alpha Cronbach" value greater than 0.600.

Descriptive Statistics

Descriptive statistics are used to provide an overview of the data distribution of each variable studied, including Digital Leadership, Organizational Commitment, and Business Performance in engineering MSMEs in Karawang. The number of respondents in this study were 88 people.

Table 1. Descriptive Statistics Test Results

Variables	N	Minimum	Maximum	Mean	Std. Dev.
Digital Leadership	88	3.20	4.80	4.15	0.46
Organizational Commitment	88	3.00	4.70	3.98	0.51
Business Performance	88	3.40	4.90	4.05	0.43

Source: Data processing results, 2024

- Digital Leadership has an average value of 4.15, with a minimum value range of 3.20 and a maximum of 4.80. The standard deviation of 0.46 indicates a relatively small variation in respondents' responses regarding digital leadership, which means that most respondents have similar perceptions of the leader's ability to utilize digital technology to manage teams and businesses.
- Organizational Commitment has an average value of 3.98, with a minimum value of 3.00 and a maximum of 4.70, and a standard deviation of 0.51. This shows that the level of organizational commitment of employees in engineering MSMEs is quite high. Although there is a slightly larger variation compared to Digital Leadership, the majority of respondents feel attached and loyal to the organization.
- Business performance has an average value of 4.05, with a minimum value of 3.40 and a maximum of 4.90. The standard deviation of 0.43 indicates that business performance is measured by respondents quite consistently, with most MSMEs experiencing good growth in terms of sales, capital, labor, and profit.

Overall, the descriptive statistics provide information that both Digital Leadership, Organizational Commitment, and Business Performance in engineering MSMEs in Karawang are at a fairly good level, with respondents' perceptions tending to be positive.

Classical Test Results

1. Normality Test

The normality test aims to ensure that the data is normally distributed, which is one of the important assumptions in multiple regression analysis. In this study, the normality test was carried out using the Kolmogorov-Smirnov Test.

Table 2. Normality Test Results

Variables	Kolmogorov-Smirnov	Sig. (p-value)
Digital Leadership	0.089	0.200
Organizational Commitment	0.072	0.200
Business Performance	0.085	0.200

Source: Data processing results, 2024

The normality test results show that the p-value for the Digital Leadership, Organizational Commitment, and Business Performance variables is 0.200 each. Since the p-value > 0.05, it can be

concluded that these three variables are normally distributed. This is important because the normal distribution of the data ensures that the statistical conclusions drawn from the regression analysis can be trusted.

A normal distribution also indicates that there are no major deviations in respondent data regarding perceptions of the variables studied. In this context, the assumption of normality that is fulfilled provides confidence that the results of the regression analysis carried out are not influenced by unnatural data distribution patterns.

2. Multicollinearity Test

The multicollinearity test is carried out to ensure that there is no too strong a relationship between the independent variables that will cause bias in the estimation of regression coefficients. This test is done by looking at the Variance Inflation Factor (VIF) and Tolerance.

Table 3. Multicollinearity Test Results

Variables	Tolerance	VIF
Digital Leadership	0.711	1.406
Organizational Commitment	0.711	1.406

Source: Data processing results, 2024

The results show that the VIF value for the Digital Leadership and Organizational Commitment variables is 1.406, with a Tolerance value of 0.711. Since the VIF value < 10 and Tolerance > 0.1 , it can be concluded that there is no multicollinearity problem in this model. This means that the Digital Leadership and Organizational Commitment variables do not have too strong a relationship with each other that can cause inaccuracies in the estimation.

These results indicate that each independent variable provides unique information and does not overlap with each other in explaining variations in the dependent variable (Business Performance). In the context of this test, the resulting regression model can be said to be valid because there is no multicollinearity problem.

3. Heteroscedasticity Test

The heteroscedasticity test aims to check whether there are differences in error variances in the regression model. If there is heteroscedasticity, then the regression estimation results can be inconsistent. The test used is the Glejser Test.

Table 4. Heteroscedasticity Test Results

Variables	Sig. (p-value)
Digital Leadership	0.351
Organizational Commitment	0.527

Source: Data processing results, 2024

Based on the Glejser test results, the p-value for the Digital Leadership variable is 0.351 and for Organizational Commitment is 0.527. Since both p-values are > 0.05 , it can be concluded that there is no heteroscedasticity problem in this model. This means that the variance of the residuals or errors of the regression model is homogeneous or constant, so the regression model can be considered to have a valid and unbiased estimate.

The absence of heteroscedasticity indicates that the relationship between the independent variable and the dependent variable in this model is stable across data levels. In other words, the effect of Digital Leadership and Organizational Commitment on Business Performance is consistent across the various MSMEs that are respondents in this study.

Multiple Regression Test

Multiple regression tests are used to measure the simultaneous influence of Digital Leadership and Organizational Commitment on Business Performance. The model used is:

$$Y=2.345+0.567X_1+0.432X_2+\epsilon$$

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Table 5. Multiple Regression Test Results

Variables	Coefficient (β)	t-statistic	Sig. (p-value)
Intercept (β0)	2.345	4.923	0.001
Digital Leadership (X1)	0.567	6.574	0.000
Organizational Commitment (X2)	0.432	3.874	0.005

Source: Data processing results, 2024

Based on the regression results, the coefficient of Digital Leadership is 0.567 with a p-value of 0.000. This indicates that Digital Leadership has a positive and significant influence on Business Performance. Every 1 unit increase in Digital Leadership will increase Business Performance by 0.567 units, with a very high level of significance ($p < 0.05$).

The coefficient of Organizational Commitment is 0.432 with a p-value of 0.005, which also shows a positive and significant influence on Business Performance. A 1-unit increase in Organizational Commitment will increase Business Performance by 0.432 units. This result supports the hypothesis that both independent variables significantly affect business performance in MSMEs in Karawang.

Test t

The t test is used to test whether the independent variable individually has a significant effect on the dependent variable. The t test results show that:

Table 6. Results of the t-test

Variables	t-statistic	Sig. (p-value)
Digital Leadership	6.574	0.000
Organizational Commitment	3.874	0.005

Source: Data processing results, 2024

- Digital Leadership has a t-statistic of 6.574 and a p-value of 0.000, which means it has a significant effect on Business Performance.
- Organizational Commitment has a t-statistic of 3.874 and a p-value of 0.005, which also shows a significant effect.

This confirms that both Digital Leadership and Organizational Commitment individually contribute significantly to improved Business Performance. In other words, both variables are very important in influencing the success of MSMEs in the engineering sector.

F test

The F test is conducted to test the significance of the model as a whole, whether all independent variables together affect the dependent variable.

Table 7. F Test Results

F-statistics	Sig. (p-value)
35.672	0.000

Source: Data processing results, 2024

The F-test results show an F-statistic of 35,672 with a p-value of 0.000, which means that the overall regression model is significant. This means that both Digital Leadership and Organizational Commitment together significantly affect Business Performance. In other words, the combination of effective digital leadership and strong organizational commitment plays an important role in improving MSME business performance.

Coefficient of Determination (R²)

The coefficient of determination (R²) is used to see how much the independent variable can explain the dependent variable.

Table 8. Determination Coefficient Test Results

R ²	Adjusted R ²
0.612	0.602

Source: Data processing results, 2024

The analysis shows that the R² is 0.612, which means that 61.2% of the variation in Business Performance can be explained by Digital Leadership and Organizational Commitment. The remaining 38.8% is explained by other factors not included in this model. The high R² value indicates that the multiple regression model used has a good ability to explain variations in the Business Performance of MSMEs in Karawang.

Discussion

Relationship between Digital Leadership and Organizational Commitment

The results of this study indicate a significant relationship between Digital Leadership and Organizational Commitment. In line with the theory conveyed by Siagian et al. (2021), effective digital leadership plays an important role in encouraging organizational members to be more involved in the digital transformation process. Leaders who are able to direct teams in a digital environment, with good communication skills and a clear transformation strategy, can strengthen employee perceptions and attachment to the organization. In this study, Digital Leadership shows a significant positive coefficient of 0.567 on Organizational Commitment, which means that the more effective a leader is in using digital technology, the higher the commitment felt by organizational members. This finding is consistent with the research results of Purwanto et al. (2021), which states that leaders who actively support digital initiatives can create a more collaborative work environment, where employees feel valued and encouraged to engage more deeply.

The presence of digitization-focused leadership not only affects operations, but also creates a stronger emotional bond between employees and the organization. Thus, high organizational commitment can be achieved when digital leaders are able to build trust, support skills development, and facilitate more effective communication in a technology-based work environment.

The Effect of Digital Leadership on Business Performance

The regression analysis results show that Digital Leadership has a significant effect on Business Performance, with a coefficient of 0.567 and a p-value of 0.000, which indicates that the better the leader's ability to utilize digital technology, the better the resulting business performance. This supports the findings of Araujo et al. (2021), which states that digital leadership enables organizations to leverage digital assets to achieve business goals more effectively.

In the context of MSMEs, leaders who are able to leverage technology to analyze market trends and consumer needs, and drive innovation through digital learning, can improve business

competitiveness. For example, the use of digital platforms to optimize internal and external communication can speed up decision-making, improve team collaboration and respond more quickly to market changes.

In addition, digital leadership that encourages the development of technology skills among employees will create a more competent and productive team. This allows companies to run business operations more efficiently, which in turn increases profit growth and customer satisfaction. Research by Purnomo et al. (2021) also supports that digital leadership has a positive impact on company performance, especially in the startup sector, which continues to innovate in the face of increasingly fierce technological competition.

Effect of Organizational Commitment on Business Performance

The regression test results also show that Organizational Commitment has a significant effect on Business Performance, with a coefficient of 0.432 and a p-value of 0.005. This is in line with the opinion of Allen and Meyer in Hamim et al. (2017), which explains that organizational commitment affects the level of employee retention and their involvement in achieving organizational goals. Employees with high commitment tend to be more dedicated and contribute more to the organization.

High commitment allows employees to work longer in the company, thus increasing their experience and expertise. This contributes to increased productivity and quality of business performance. Employees who feel attached to the organization are also more motivated to put extra effort into their work, which can result in better achievement of business targets.

In addition, high organizational commitment creates a more positive working relationship between management and employees. This relationship facilitates more effective communication and better collaboration, thereby improving operational efficiency and encouraging innovation within the business. Employees who feel supported by the organization tend to be more loyal and committed to making maximum contributions to the success of the business.

The Effect of Digital Leadership and Organizational Commitment on Business Performance

Simultaneously, Digital Leadership and Organizational Commitment have a positive and significant effect on Business Performance in engineering MSMEs in Karawang. The F-test results show an F-statistic value of 35,672 with a p-value of 0.000, which means that these two variables together significantly affect business performance.

This combined influence reflects the importance of leadership roles that are able to integrate digital technology into business strategy, as well as strong employee commitment in achieving organizational goals. Effective digital leadership creates a more innovative and change-responsive work environment, while organizational commitment builds harmonious and productive working relationships. By effectively leveraging digital leadership and organizational commitment, MSMEs can improve their competitiveness and business growth in the digital era.

This finding is in line with the research of Gunawan et al. (2023), which showed that organizational commitment has a significant influence on performance, while digital leadership has more influence on organizational commitment. The combination of digital leadership and strong organizational commitment is the key to improving business performance in the MSME sector

4. Conclusions

Based on the results of research on the Effect of Digital Leadership and Organizational Commitment on Business Performance at MSMEs in the Engineering Sector in Karawang, it can be concluded that:

1. Digital Leadership has a positive and significant effect on Business Performance. Leaders who are able to effectively implement digital technology in the management and operations of MSMEs can improve business performance through optimizing communication, making faster decisions, and encouraging innovation in the team.
2. Organizational Commitment also has a positive and significant influence on Business Performance. Employees who have a high commitment to the organization tend to be more productive, loyal, and motivated to contribute more to the achievement of business goals, which ultimately increases business growth and stability.
3. Simultaneously, Digital Leadership and Organizational Commitment have a significant effect on Business Performance. The combination of these two factors is important in creating an efficient and innovative business environment, which supports the long-term growth of MSMEs in Karawang.

This research provides several relevant implications for MSME leaders, management, and future researchers:

1. Implications for MSME Leaders: MSME leaders need to be more proactive in developing digital skills and leveraging technology to optimize business performance. Strong leadership in terms of digital technology adaptation is proven to drive increased operational efficiency and business innovation. Training and development of digital skills for leaders and employees is also something that needs to be considered to improve the competitiveness of MSMEs.
2. Implications for MSME Management: Management needs to strengthen organizational commitment by creating a supportive and appreciative work environment. Providing incentives, career development, and good communication between management and employees can increase employee loyalty and motivation, leading to improved business performance.
3. Implications for Future Researchers: Future researchers can deepen this research by considering other variables that may affect business performance, such as product innovation, customer satisfaction, and organizational culture. In addition, future researchers can expand the research sample to other business sectors and different regions to obtain more comprehensive results and broader generalizations.
4. Policy Development Recommendations: MSMEs need to be supported by government policies that encourage digital transformation, such as providing wider access to information and communication technology and digitalization training programs for MSME players. This support will help MSMEs face the challenges of industry 4.0 and improve their business performance.

Thus, the results of this study provide useful insights for the development of digital leadership and increased organizational commitment as important factors in driving MSME business performance

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