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Smart Economy Model to Strengthen Local Economic

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Abstract

A smart economy is the development of innovative and competitive economic governance. Smart economy-based community business is one of the strengthening of the local economy. The smart economy model connects variables of innovation and creativity, availability of human resources, competitiveness, information technology, and business ecosystems. This research aims to obtain a smart economy model to strengthen the local economy. This research is a field research with qualitative and quantitative approaches. Data analysis was carried out using the Partial Least Squares (PLS) method. The R-square value for strengthening the local economy is 0.548 or 54.8%. The smart economy model shows that competitiveness and business ecosystems are top priorities that can encourage the strengthening of the local economy. Competitiveness variables and ecosystem variables affect the strengthening of the local economy. The contribution from this research can be used as material for planning the evaluation of the implementation of the smart economy and alignment of local government policies and strategies through synchronization, harmonization, and synergy of local government policies.

Keywords: Smart Economy, Local Economic, Sustainable Economy, MSMEs

1. Introduction

A smart economy is the development of innovative and competitive economic governance. The development of existing resources and the implementation of innovation is a smart economy (Ninčević Pašalić et al., 2021; Popova & Popovs, 2022). Implementing a smart economy will provide many benefits (Tosida et al., 2022), including fostering an entrepreneurial spirit and innovation in the community to achieve high productivity (Klein et al., 2021). Innovation increases productivity and competitiveness. According to Kaluassssrachchi (2022), innovation and productivity are needed to improve business models that can compete locally and globally. The smart economy concept combines several new economic features in a sustainable, innovative, competitive, and digital approach. According to Attaran et al. (2022), it fosters an innovative economy through a smart economy that effectively strengthens the economy. A smart

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economy can increase business and attractiveness for investors to use information and communication technology (Ninčević Pašalić et al., 2021). A smart economy creates competitive businesses. The result of collaboration between the government and local communities has an impact on sustainable economic growth (Budziewicz-Guźlecka & Drożdż, 2022; Vinod Kumar & Dahiya, 2017).

The issue of a smart economy is one of the priorities in developing the creative economy and quality economic growth. Smart economy-based community business is one of the strengthening of the local economy (Alibegović et al., 2019; Zada et al., 2021). Scoones & Murimbarimba (2021) and Schrock et al (2019) explain that community businesses in MSMEs can improve the local economy by utilizing available resources to open up job opportunities and local economic growth.

The smart economy and innovation will add new business opportunities and increase business market competition. Developing small businesses as the basis of the people's economy is one of the strategic steps that need to be followed up (Hervás-Oliver et al., 2021). Concrete steps to increase family productivity to improve the economy and overcome poverty and unemployment (Jili & Nzimakwe, 2022; Thathsarani et al., 2023).

The smart economy model connects the variables of innovation and creativity (Popova & Popovs, 2022), availability of human resources (Surya et al., 2021), competitiveness (Adamik & Sikora-Fernandez, 2021), information technology (Xu & Li, 2022), and business ecosystems (Koch et al., 2022; Suuronen et al., 2022). According to Kostyk et al. (2023), the digital and sustainable economic model and the implementation of the economic digitalization process, targeted materials, financial support, technology, and knowledge are based on the national smart economy model. Mohanty et al. (2016) mentioned that vitality and economic planning are the leading indicators of a smart economy.

A smart economy in a region can contribute to the regional economy. The challenges of MSMEs in the future that must be overcome together are related to innovation and technology (Surya et al., 2021), digital literacy (Yanto et al., 2022; Zahoor et al., 2023), productivity, financing (Fauzi et al., 2020), branding and marketing (Daud et al., 2022), human resources (Burhan et al., 2020), standardization and certification, training, and facilitation; in running this business, MSMEs still face many obstacles.

Low innovation and creativity of products produced by MSMEs because they are not processed optimally. Some jobs in MSMEs that are repetitive, routine, and physical cause a decrease in one's abilities (Veronica et al., 2020). Innovation and creativity demand expertise, a level of education, and complexity that are increasingly needed (Ahmed & Harrison, 2021; Mongkol, 2022). In addition, MSMEs' low innovation and creativity can hinder sustainable growth, which is a challenge for regional innovation policies (Jerman et al., 2020; Klein et al., 2021). According to Anthony (2023), community involvement is essential for co-creating innovative solutions for a smart economy.

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The problem often faced by MSMEs is the low skills and abilities of the human resources owned by MSMEs. Human resources are a vital factor in the implementation of business activities (Jonek-Kowalska & Wolniak, 2021; Matt et al., 2020). High employee skills and abilities can improve business development (Caputo, Garcia-Perez, et al., 2019). This condition makes it increasingly challenging for MSMEs to compete with other companies (Matt et al., 2020). It is also stated by Surya et al. (2021) and Jonek-Kowalska & Wolniak (2021) that MSMEs need to improve business competitiveness, so they need support to strengthen human resource capacity, use of technology and innovation, and have a positive impact on the development of small and medium enterprises.

Competitiveness is one of the factors and an essential requirement for the development and growth of MSMEs. However, many MSMEs still have low competitiveness related to product diversification, promotion, and marketing (Hutahayan & Yufra, 2019). This condition is, for example, in Indonesia, where the competitiveness of food MSMEs is low due to the slow pace of innovation and high competition (Hutahayan & Yufra, 2019). Other opinions expressed (Winarti et al., 2019) that competitiveness is one of the factors and becomes an essential requirement for the development and growth of micro, small, and medium enterprises. Business prosperity is determined by the ability of human resources to produce quality goods, prices, designs, and environmental factors.

Information technology has been widely sought to increase the competitiveness of MSMEs by emphasizing information management (Caputo, Cillo, et al., 2019). In reality, the ability of MSMEs is still low in the use of information technology. Khairudin & Amin (2019) reveal that Information technology can add value and increase productivity and quality. Therefore, information technology is essential in the business sector to optimize information processing (Okfalisa et al., 2021).

In simple terms, business ecosystems describe how economic communities work. A business ecosystem is not just a collection of people but a complex social system (Guerrero et al., 2021). According to Khuong & Van (2022), the entrepreneurial ecosystem significantly influences the perception of entrepreneurs and business success. Research results of Guerrero et al. (2021) found that the most favorable conditions of the entrepreneurial ecosystem were professional support, incubators/accelerators, networks, and R&D investment. The entrepreneurial process is not influenced by the lack of funding sources, labor market conditions, or social norms. A comprehensive study of the smart economy model is critical to see that a business managed by MSMEs impacts the local economy and can improve community welfare.

Numerous studies demonstrate that the key pillars of the smart economy are innovation and creativity, which enable companies to provide added value and react to market shifts faster. However, innovation does not always have a positive effect on the local economy. Numerous studies demonstrate that the quality of human resources, the capacity to use information technology, and the backing of the business ecosystem all have a significant impact on the

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success of innovation. As a result, innovation acts as a catalyst, but its efficacy depends on how well it integrates with other aspects of the smart economy.

2. Literature Review

2.1. Strengthening the Local Economy

The effective use of local resources through MSME capacity building, innovation development, technology adoption, and enhanced stakeholder collaboration results in a stronger local economy. The approach increases regional competitiveness, creates jobs, and promotes more equitable and sustainable economic growth from the standpoint of the Smart Economy (Metelenko et al., 2024; Vinod Kumar & Dahiya, 2017; Zada et al., 2021).

2.2 Smart Economy

In order to produce flexible, inclusive, and sustainable economic growth, the smart economy approach to economic development combines innovation, human resource quality, information technology, stakeholder collaboration, and competitiveness. This idea highlights the fact that enhancing economic performance depends not only on the application of digital technology but also on the capacity to maximize expertise, innovation, and cooperation among stakeholders in creating added value. Implementing the Smart Economy in MSME promotes greater productivity, efficiency, creativity, and the capacity of businesses to adapt to changes in the market, all of which support sustainable development and the local (Adamik & Sikora-Fernandez, 2021; Kostyk et al., 2023; Popova & Popovs, 2022).

2.3 Innovation & Creativity

The Smart Economy relies heavily on innovation and creativity because they enable MSME to produce additional value, adjust to shifting market conditions, and establish sustainable excellence. Innovation is achieved not just by developing new goods or services but also by enhancing marketing plans, business procedures, and technology utilization. New solutions that enable business owners to react to business opportunities and challenges in a more flexible way are driven by creativity. Consequently, enhancing MSMEs' performance while boosting competitiveness and regional economic growth depends heavily on the integration of innovation and creativity (Caputo, Cillo, et al., 2019; Farida & Setiawan, 2022; Metelenko et al., 2024; Surya et al., 2021)

2.4 Availability of Human Resources

One of the key elements of the Smart Economy is the availability of human resources since it affects MSMEs' ability to embrace innovation, make use of technology, and boost corporate productivity. In addition to the quantity of employees, the quality of competencies, digital skills, entrepreneurial aptitude, and preparedness to adjust to changes in the business environment are also indicators of the availability of human resources. Human resources possessing this ability can boost MSMEs' competitiveness, speed up the innovation process, and improve operational efficiency. Thus, developing high-quality human resources is a crucial precondition for

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achieving a Smart Economy that enhances MSMEs' performance and boosts the local economy (Adamik & Sikora-Fernandez, 2021; Caputo, Garcia-Perez, et al., 2019; Metelenko et al., 2024).

2.5 Competitiveness

MSMEs' capacity to establish and sustain business excellence through improved productivity, innovation, product quality, and flexibility in response to changing market conditions is reflected in their competitiveness. From the standpoint of the Smart Economy, competitiveness is impacted not only by operational efficiency but also by the synergy between creativity and innovation, the use of information technology, the availability of skilled human resources, and the support of a cooperative business ecosystem. By combining these several aspects, MSMEs can boost added value, increase market access, and improve business resilience, all of which enable them to contribute more to sustainable economic development and the local economy (Abusaada & Elshater, 2021; Oktaria et al., 2024; Yaskun et al., 2023).

2.6 Information Technology

One of the key forces behind the Smart Economy is information technology, which enables MSMEs to increase market access, boost operational effectiveness, and expedite data-driven decision-making. Digital marketing, information management, and customer communication are all made easier by the use of digital technology, which also promotes business process automation. However, the ecosystem that propels digital transformation and human resources' capacity to embrace and incorporate technology into business operations are crucial to the advantages of information technology. As a result, making the most use of information technology is crucial for boosting MSMEs' sustainability, productivity, and competitiveness all of which eventually support the local economy (Caputo, Garcia-Perez, et al., 2019; Vinod Kumar & Dahiya, 2017; Xu & Li, 2022).

2.6 Business Ecosystem

A key element of the Smart Economy is the business ecosystem, which fosters cooperation between MSMEs and the government, academic institutions, corporate sector, financial institutions, and other stakeholders. An ecosystem that fosters innovation and business expansion increases access to markets, capital, technology, expertise, and collaboration opportunities. Collaboration among actors not only increases MSMEs' internal capacity but also enhances their capability to adapt to changes in the market and take advantage of economic opportunities. In order to increase MSMEs' performance and competitiveness and enable them to contribute more to the local economy and sustainable development, it is strategically important to build the business environment (Guerrero et al., 2021; Jonek-Kowalska & Wolniak, 2021; Khuong & Van, 2022; Suuronen et al., 2022).

Numerous studies demonstrate the importance of innovation and creativity, human resource availability, competitiveness, information technology, and business ecology in enhancing MSMEs' success. The interaction between the Smart Economy's dimensions constitutes a system that integrally supports the improvement of MSME performance, but this has not been explained

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by prior research, which typically still only looks at a portion of each dimension. Additionally, while the Smart Economy's contribution to bolstering the local economy is still comparatively small, current research focuses more on enhancing corporate performance and enterprise competitiveness. Additionally, elements like regional features, digital preparedness, human resource quality, and the state of the business ecosystem have not been extensively incorporated into a single, all-encompassing analysis framework. In order to understand the mechanism of enhancing the performance of MSMEs as a driver of the local economy, this study suggests a more comprehensive method by combining the five primary aspects of the smart economy into a unified conceptual framework. It is anticipated that this strategy would enhance the growth of the Smart Economy idea and serve as the foundation for creating flexible, cooperative, and long-lasting local economic development plans.

3. Research Method

The smart economy model analysis is carried out in two stages: (1) describing data to obtain an overview of MSMEs' understanding of the smart economy and (2) conducting SEM-PLS modeling. Model conceptualization is designing a structural measurement model based on research hypotheses. This research links innovation and creativity (IC), limited human resources (HR), competitiveness (C), information technology (IT), and business ecosystem (BE), and strengthens the local economy (Y). Estimating the weight value to create a score on the latent variable as a linear aggregate, and the weight value of the indicator is obtained from the PLS method.

The conceptual framework of this research was developed through a synthesis of literature on smart economy, MSME performance, and local economic strengthening. The synthesis process identifies five main variables of the smart economy. Furthermore, it is analyzed to understand its role and relationship in improving the performance of MSMEs.

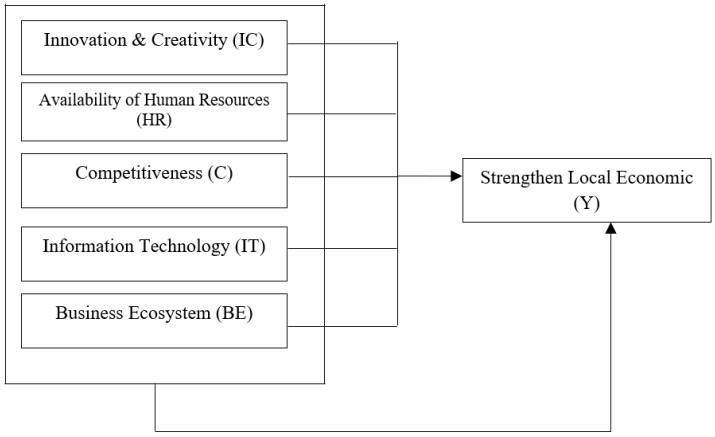

Figure 1. Conceptual Framework

This study uses five smart economy variables and is modified with smart economy-basic smart cities (Giffinger, 2007) and (Anttiroiko et al., 2014). The questionnaire consists of 35 questions

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related to MSMEs conditions and productivity in five independent variable categorizations related to smart economy development, and there are seven questions on dependent variables using a five-point Likert scale. The population is all MSME owners, and the sample selected is a population of 30 people. The instrument was distributed to 30 respondents as MSME owners. The research hypothesis was proposed, which included:

H1: There is an influence of innovation and creativity on strengthening the local economy
H2: There is an influence of the availability of human resources on strengthening the local economy
H3: There is an influence of competitiveness on strengthening the local economy
H4: There is an influence of information technology on strengthening the local economy
H5: There is an influence of the business ecosystem on strengthening the local economy

The measurement model is processed by finding the estimated values of weights, loads, averages, and constants to determine the score of latent variables. Next, the final stage of smart economy modeling is to evaluate the model (goodness of fit) (Hair et al., 2017). Model evaluation is carried out on measurement models and structural models.

The inter-variable is represented by the structural model, whilst the latent variable is represented by the measurement model. Convergent validity, which gauges the degree of correlation between indicators and latent variables as indicated by the loading factor value and average variance extracted (AVE), is one of the four stages of model evaluation. Second, the measurement of latent variable diversity using discriminant validity. Third, composite dependability values are measured for consistency. Testing of hypotheses comes in fourth.

4. Result and Discussion

4.1 Model Measurement Evaluation (outer)

Social sciences dominate the development of a smart economy, so this case is analyzed using the SEM-PLS approach. They discuss the smart economy model using SEM-PLS by involving various indicators (Galluzzo, 2019; Tosida et al., 2022). The smart economic model is expected to measure the strengthening of the local economy through the strength of MSMEs' support, especially in Sungai Rotan District, Muaraenim Regency, South Sumatra Province.

The outer model can be evaluated through three criteria, namely 1) convergent validity, 2) discriminant validity, and 3) composite reliability. Convergent validity tests the correlation between indicators and construct scores. Test the validity of items from the questionnaire using the outer loading test from the PLS Algorithm. The size of individual reflection is said to be high if the correlation is more than 0.70, but according to Gozali (2014), for early-stage research of developing a measurement scale, the value of the loading factor 0.5 to 0.6 is considered sufficient.

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The evaluation of the discriminant validity measurement model can be seen from the recommended Average Variance Extracted (AVE) value, which must be above 0.50. The AVE value of all latent variables is greater than 0.5 (Hair et al., 2017). Reliability is evaluated using composite reliability (CR). The results are shown in Table 1.

Table 1. Validity and Reliability of the Smart Economy Model

Variable	Convergent Validity			Reliability
	Cronbach's Alpha	Rho-A	AVE	CR
IC	0.931	0.945	0.629	0.894
HR	0.770	0.835	0.724	0.835
C	0.842	0.905	0.762	0.905
IT	0.931	0.945	0.713	0.925
BE	0.903	0.929	0.819	0.947
Y	0.956	0.966	0.852	0.966

Based on Table 1 shows that the values of all indicators in the five variables in convergent validity are above 0.5, and composite reliability in all variables above 0.60 have met the elements, so that all questionnaire questions are consistent.

4.2 Structural Model Evaluation (Inner Model)

Choosing a model with PLS can be seen from the value of R-squared. From the results of the data processing obtained R-square is shown in Table 2 below.

Table 2. R-square Result

	R-square	R-square adjusted
Y	0.548	0.453

The R^2 value for strengthening the local economy (Y) is 45.3%, meaning that the ability of independent variables, namely innovation and creativity (IC), human resources (HR), competitiveness (C), information technology (IT), and business ecosystems (EB), to explain the variables of strengthening the local economy (Y) is 45.3%. The remaining 54.7% was explained by other variables beyond those discussed in this study.

4.3 Evaluation of Smart Economy Variables on Local Economic Strengthening

Hypothesis testing using the bootstrapping method. Test this hypothesis by analyzing the p-value. The criterion for hypothesis testing is a p-value with a significance level of ≤ 5%.

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Table 3. P-Value

	Original sample	Standard deviation	T statistics	P values
Competitiveness -> Strengthening the local economy	0.569	0.253	2.245	0.025
Business Ecosystem -> Strengthening the local economy	0.386	0.212	1.822	0.068
Innovation and creativity -> Strengthening the local economy	-0.328	0.256	1.277	0.202
Availability of Human Resources -> Strengthening the local economy	0.049	0.271	0.180	0.857
Information technology -> Strengthening the local economy	0.086	0.147	0.589	0.556

Table 3 shows that competitiveness variables significant effect on strengthening the local economy (α<0,05), and business ecosystems have a significant effect on strengthening the local economy (α<0,10).

Based on Table 3, it shows that the competitiveness variable has a significant influence on the strengthening of the regional economy with a significance value of 0.0025 (significance degree 0.005). Competitiveness is important for every MSME owner as the foundation for business development. The development of MSMEs is shown by competitive SME owners through strengthening entrepreneurship and increasing productivity. This is manifested through cooperation with other partners as suppliers of raw materials. Productivity increases continue to be carried out to meet the needs of consumers both within and outside the region. According to Abusaada & Elshater (2021) found that the development and increase of productivity can be promoted based on the competitiveness and peculiarities of the product. The uniqueness of the product in the eyes of customers and business partners is a determined competitive advantage (Grabowska & Saniuk, 2022). Products produced by MSMEs have better quality compared to similar products produced by competitors. The managed business can meet the planned production targets at competitive prices.

To increase competitiveness, micro, small, and medium enterprises (MSMEs) must implement a competitive advantage plan. According to Oktaria et al. (2024) stated that competitors can be a driver to further improve the business being run, but competitors can also be a threat that can destroy the business being carried out. The development of MSMEs uses their own capital, namely the capital used comes from the capital of the business owner and the family capital. Some business owners do not have the confidence to borrow funds from other parties, such as banks or cooperatives. The high interest rate of loans is one of the considerations for not using the services of banks or cooperatives. However, the Bank has provided credit assistance for SME owners who need an injection of funds for their business development. Business owners still rely on their own capital and capital assistance from their families, arguing that these loans are not accompanied by loan interest and that their repayment can be made based on

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negotiations. Limited capital is not a problem for MSMEs to continue running their businesses. Business owners continue to strive to keep production going because the products produced are still in demand by consumers and have a target market.

The results of Rathod's (2022) research show that market innovation strategies provide short-term profits, while capital-intensive strategies only provide definite outputs.

Apart from increasing productivity, some MSME owners have leveraged information technology to adapt to market needs. Online sales are very helpful for MSMEs in marketing their products. The use of marketplaces (online sales) is important in marketing the products produced, such as Tokopedia, Shopee, Lazada, and Bukalapak. Entrepreneurs can choose e-commerce according to the products offered. From the results of observations and interviews, it is known that for now, sales by utilizing information technology are quite effective. Consumers are not only limited to one region, but can reach consumers outside the region. The combination of online and traditional sales is one of the supporting methods in business development. The results of a study by Metelenko et al. (2024) show that the use of information technology and digitalization contributes to the sustainability of the modern economy, which is currently one of the main factors in the smart economy.

Products produced by MSMEs have better quality compared to similar products produced by competitors. This condition is evidenced by the frequent participation of these MSMEs in exhibitions held by the local government. The high number of product sales is one of the indicators that the products produced are able to compete. The managed business can meet the planned production targets and competitive prices. Business owners continue to plan and set production targets and ensure that the targets can be achieved, and every year, it increases.

The results of the research by Yaskun et al. (2023) show that there is a significant influence of competitive advantage on business performance, while innovation does not have a significant influence on the business performance of MSMEs. However, the findings are different from those of Farida & Setiawan (2022) that innovation is able to increase competitive advantage.

In carrying out activities, business owners have obtained legality and licensing. The local government has provided ease of licensing for MSMEs. The granting of business legality licenses is a guarantee and provides a sense of security for consumers.

In facilitating business activities, business owners have collaborated with business partners as suppliers of raw materials so that business owners no longer find it difficult to obtain these raw materials. According to the business owner, through an interview, it is stated that cooperation with raw material suppliers and business partners is very helpful in improving product quality, so that each party can maintain this good relationship. Commitment to maintain product quality and provide the best service to consumers is able to maintain consumer or customer loyalty. Feedback from consumers is the key to improving product quality so that business owners are able to provide the best service and quality products to consumers, and can even develop

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marketing areas not only locally in the area, but also be able to expand the marketing area beyond the province.

Increasing productivity must increase the level of education and expertise of business actors and employees. Business innovation must continue to be improved, because this is one of the working capital so that the business run continues to survive and even develop in the future. Improving human resource skills has not been done much by MSME owners and local governments. This condition is a weak point for MSMEs, and the lack of attention from the local government to improve the skills of business owners. Human resources' understanding of the production and innovation process is only based on work experience. The combination of work experience and training or education obtained by business owners is a strength for developing a business. An entrepreneur should have the ability to have good knowledge, skills, and attitude. Human capital with its knowledge, skill, and attitude (KSA) can affect the economy and the growth of the business that is being run.

The Government has provided ease of licensing management for MSMEs. Granting licenses for business legality. Increasing productivity should improve the level of education and expertise of business actors and employees. Improving human resource skills has not been carried out by MSME owners and local governments. Human resource understanding of production processes and innovations is only based on work experience.

The development of MSMEs uses their own capital. The capital used comes from the capital of the business owner and the capital of the family. The bank has provided credit assistance for MSME owners who need an injection of funds for their business development. Business owners still rely on their own capital and capital assistance from their families. Limited capital is not a problem for MSMEs to continue running their business.

This study shows that the successful implementation of the smart economy in supporting the strengthening of the local economy requires a holistic approach. Improving the performance of MSMEs is not enough to be achieved through the use of information technology alone, but requires integration between innovation and creativity, developing the quality of human resources, strengthening the business ecosystem, and increasing competitiveness. Each dimension of the smart economy is seen as part of a system that complements the others in creating sustainable economic growth.

For the government, the results of this study can be the basis for designing a more integrated MSME development program. The interventions carried out are not only directed at expanding the adoption of digital technology but also at strengthening innovation capacity, increasing the availability of human resources, expanding access to financing and markets, and developing collaborative networks between MSMEs, universities, the business world, and other supporting institutions. This approach has the potential to create a business environment that is more adaptive to economic changes and technological developments.

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For MSME owners, the findings of this study confirm that increasing competitiveness requires transformation that includes both internal and external aspects. The development of innovation capabilities, increasing the availability of labor, the use of information technology in business management, and active involvement in partnership networks are important factors to strengthen productivity, expand market opportunities, and improve business sustainability in the midst of competitive dynamics.

For policymakers, the results of this study can provide an idea that smart economy development strategies need to be designed across sectors and based on regional characteristics. Policies that link the development of innovation, improving the quality of human resources, information technology, business ecosystem, and increasing competitiveness can strengthen the contribution of MSMEs to job creation, increase community income, and promote more inclusive and sustainable local economic development.

5. Conclusion

The R2 value for strengthening the local economy is 45.3%, meaning that the ability of independent variables, namely innovation and creativity, human resources, competitiveness, information technology, and business ecosystems, to explain the variables of strengthening the local economy is 45.3%. The remaining 54.7% was explained by other variables beyond those discussed in this study. The first hypothesis test proves that the variable competitiveness affects the strengthening of the local economy. The second hypothesis test proves that the variables of innovation and creativity do not affect the strengthening of the local economy. Test the third hypothesis that the availability of human resources does not affect the strengthening of the local economy. Test the fourth hypothesis that information technology does not affect the strengthening of the local economy. Test the fifth hypothesis of business ecosystems affecting the strengthening of the local economy.

The smart economy model shows that competitiveness and business ecosystems are top priorities that can encourage the strengthening of the local economy. Competitiveness is related to the products produced; the price of products can compete with similar products produced by competitors. Product brands and managed businesses can meet planned production targets. The managed business can increase profits and business capital. Raw material suppliers and business partners contribute positively to the success of the business and work together to help improve product quality. Although most MSMEs do not apply for loans to banks or cooperatives, they still have enough capital to run their business.

The contribution from this research can be used as material for planning the evaluation of the implementation of the smart economy and alignment of local government policies and strategies through synchronization, harmonization, and synergy of local government policies.

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