ABSTRACT

The development of digital technology is driving significant transformation in various aspects of Indonesian people's lives, with 69.21% of Indonesians having accessed the internet in 2023. This condition reflects the acceptance of technology and the potential of the digital economy. This study aims to analyze the relationship between digital infrastructure and human resources (HR) to the digital economy simultaneously between variables using Partial Least Squares (PLS), a variant-based Structural Equation Modeling (SEM) approach. The digital infrastructure in this study includes the ownership and use of technological devices, the availability of internet access, and consumption for telecommunications. Meanwhile, human resources are represented through per capita expenditure, education, and formal labor. The digital economy is measured through IMK the use of the internet for product promotion and sales, as well as the activities of residents accessing the internet for the purpose of buying, selling, and finance. The results of the PLS analysis show that digital infrastructure and human resources have a significant effect on the digital economy, with a determination coefficient value (R^2) of 0.719. Furthermore, the PLS-Prediction Oriented Segmentation (PLS-POS) approach is used in grouping provinces based on the pattern of digital infrastructure and human resources (HR) relationships with different digital economies, with the best number of segments based on the highest weighted R^2. The best segmentation results were obtained by dividing provinces in Indonesia into three segments, each of which showed a difference in the pattern of the relationship between digital infrastructure and human resources to the digital economy.

Keywords: Digital Economy, Digital Infrastructure, HR, PLS, PLS-POS