

THE IMPROVEMENT OF MSMEs' BUSINESS PERFORMANCE DURING THE COVID-19 PANDEMIC THROUGH FINANCIAL AND DIGITAL LITERACY

Ita Athia*, Erfan Efendi

Universitas Islam Malang, Indonesia

Budi Eko Soetjipto

Universitas Negeri Malang, Indonesia

ABSTRACT

The pandemic has impacted the global economy, including MSMEs, especially in financial issues such as minimal revenue flow and inadequate financial management. On the marketing side, there has been a decrease in demand due to the implementation of social restrictions, which will affect the company's existence, requiring MSMEs to be able to transform into online marketing. Improved financial and digital literacy can enhance MSME performance. This study aims to determine the moderating effect of financial literacy and digital literacy among MSMEs in improving their business performance. The research approach used a quantitative research method with Partial Least Square (PLS) for data analysis. The results show that financial management and digital marketing have a direct effect on MSMEs' performance. Furthermore, financial literacy can moderate and improve the performance of MSMEs, while digital literacy cannot effectively moderate the implementation of digital marketing to improve MSMEs' performance. This study implies that MSMEs need to improve their financial behavior and decision-making during crisis conditions and enhance their knowledge and skills in managing digital marketing content.

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* *Email* : itaathia@unisma.ac.id

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