

**THE EFFECT OF DIGITAL TRANSFORMATION ON THE REVITALIZATION OF MSMEs IN PANDEMI TIME WITH DIGITAL LITERACY AS AN INTERVENING VARIABLE
(Case Study of Micro Enterprises in the City of Bukittinggi)**

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Abstract

This study analyzes whether the application of digital transformation affects the revitalization of MSMEs during the pandemic and whether it can be mediated by digital literacy. Using a sample of 378 respondents from micro-sector MSMEs in Bukittinggi City in 2021, this study reveals that the application of digital transformation and digital literacy is positively related to the revitalization of MSMEs, which in this case uses business performance indicators to serve as a basis for determining the level of success. from the revitalization of SMEs. This finding offers empirical evidence about the importance of digital literacy in the relationship between implementing digital transformation and revitalizing MSMEs during the pandemic. This shows that the implementation of digital transformation will not succeed without an educational intermediary for digital technology itself. Furthermore, this study recommends strategies to improve the application of digital transformation for MSME business actors by increasing digital literacy of business actors.

Keywords: *Digital Transformation, Digital Literacy, Business Performance, MSME Revitalization*

Abstrak

Studi ini menganalisis apakah penerapan transformasi digital mempengaruhi revitalisasi UMKM di masa pandemi dan apakah dapat dimediasi oleh literasi digital. Dengan menggunakan sampel 378 responden pelaku usaha UMKM sektor mikro di Kota Bukittinggi pada tahun 2021, penelitian ini mengungkapkan bahwa penerapan transformasi digital dan literasi digital terkait secara positif dengan revitalisasi UMKM yang dimana dalam hal ini menggunakan indikator kinerja usaha untuk dijadikan sebagai landasan dalam menentukan tingkat keberhasilan dari revitalisasi UMKM.

Temuan ini menawarkan bukti empiris tentang pentingnya literasi digital pada hubungan penerapan transformasi digital dan revitalisasi UMKM di masa pandemi. Ini menunjukkan bahwa penerapan transformasi digital tidak akan berhasil tanpa adanya perantara pendidikan akan teknologi digital itu sendiri. Selanjutnya penelitian ini merekomendasikan strategi meningkatkan penerapan transformasi digital pada pelaku usaha UMKM dengan meningkatkan literasi digital pelaku usaha.

Kata Kunci: *Transformasi Digital, Digital Literacy, Kinerja Usaha, Revitalisasi UMKM*

Introduction

At the end of 2019, the world was shaken by the 2019-nCoV Virus (novel coronavirus) or Covid-19 which has become a global health issue. The spread of Covid-19 was declared by the World Health Organization (World Health Organization) as a pandemic in most countries around the world, including in Indonesia. (Komite Penanganan Covid-19 Dan Pemulihan Ekonomi Nasional, 2020). A pandemic can be defined as the spread of a disease in a large number of parts of the world. (Dkk Masrul, 2020). If you look at the current conditions, Indonesia, which has claimed an economic recession which hit some MSMEs, is more even and more dangerous. MSMEs are at the forefront of the economic shock caused by the Covid-19 pandemic. The introduction of the lockdown brought a sudden halt to economic activity, with a drop in demand and disruption to supply chains around the world. In the initial survey, more than 50% of MSMEs indicated that they could go out of business within the next few months.(Thaha, 2020)

The impact of the Covid-19 pandemic on the MSME sector is very influential for the Indonesian economy. Where as is known, MSMEs are an activity or business carried out by the largest group of economic actors in Indonesia whose existence has a positive influence, namely being able to absorb a large number of domestic workers, thereby helping to reduce unemployment rates so that in the end they can build the national economy. According to the Central Statistics Agency (BPS), the contribution of MSMEs to the country's GDP was 23.89% in 2018 and this sector contributed 99.90% of the total business units and 93.87% of the total employment. (Bahana,2009). MSMEs

are the most important pillar in the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs in 2021, the number of MSMEs currently reaches 64.2 million with the contribution of MSMEs to the Indonesian economy including the ability to absorb 97% of the total existing workforce and can collect up to 60.4% of total investment. (Limanseto, 2021) However, at present, MSMEs in Indonesia are experiencing a drastic decline in business caused by the Covid-19 pandemic (Yudi Prama Agustino, 2020). This situation is also included in the city of Bukittinggi.

Table 1
Data on the Number of MSMEs in Bukittinggi City
2015-2020

No	Business Criteria	Year					
		2015	2016	2017	2018	2019	2020
1	Micro business	7.675	7.130	6.711	6.332	6.013	6.771
2	Small business	1.538	1.264	1.220	652	652	652
3	Medium Business	89	74	70	31	31	31
Amount		9.302	8.468	8.001	7.015	6.696	7.454

Source: Office of Cooperatives, Industry and Trade, City of Bukittinggi

Based on table 1 above, the largest number of MSMEs in Bukittinggi City are in the micro business sector. This was also confirmed by Asnidar, that 90% of Bukittinggi City SMEs are engaged in the micro business sector. Therefore, in this study, the authors focus on SMEs engaged in the micro business sector.(Asnidar, 2021)

Now, since the emergence of the Covid-19 pandemic in March 2020, Bukittinggi City SMEs have become helpless. Transactions decreased suddenly, sales and income decreased dramatically, operational costs and other costs that had to be incurred. These costs are greater than the profit earned at this time. Employee salaries that must be paid, shop rent, electricity, water, telephone/internet fees and so on inevitably have to be spent, while business transactions are few or even close and nothing is going on. Want to close the shop / business, what do you want to eat. Don't know how long this situation will last.

Due to the many problems faced by MSMEs caused by the Covid-19 pandemic, of course during the economic recovery period or during the transition period from the Covid-19 outbreak, the government is looking for solutions and trying to be able to

move the wheels of the economy back in the recovery period specifically for the MSME sector. One of the efforts made with the economic revitalization program.

Based on the literature study found by the author, that revitalization can be interpreted as a stage or method and action to restore or empower something that was previously authorized (disabled) in another sense, revitalization is a behavior in an effort to revive. Although this vital word has a very important meaning, it is very necessary in life. Relevant research related to the revitalization of MSMEs, where in this study it was found that the government's efforts to revitalize by providing guidance and empowerment of MSMEs so that in the future they can produce maximum goods/services by legalizing MSME products so that in the future they are able to compete with products in other countries. (Abu Nur Syihabuddin, 2013).

Furthermore, research conducted by the author, in which case the revitalization of MSMEs in question is how to restore businesses that are powerless so that they return to normal, which is marked by an increase in business performance.(Aliya Khairunnisa, 2018) The increase in business performance is marked by increased sales, customer growth, marketing reach, fulfillment of sales targets and profit growth. (Sri Wardaya & Lilis Sulisyani Dermanto, 2018). However, other studies that examine business performance discuss more about how the use of adaptive resilience (persistence and thrift) as a strategic response influences MSME performance during catastrophic events such as the Covid-19 pandemic. (Suzzie Owiredua Aidoo And Others, 2021),

In order to improve business performance, as a business actor, you must make updates that aim to maintain and improve business continuity during the Covid-19 pandemic. With the development of science and technology, MSMEs inevitably have to adapt to existing IT developments, so that actions are needed that directly change the pattern of MSME performance by carrying out digital transformation. As with previous research, the Covid-19 pandemic has accelerated digital transformation within an organization (Pedro Soto-Acosta, 2020)

Digital transformation is a consequence of the era of disruption or better known as the Industrial Age 4.0, resulting in changes in business models, overhauling existing business ecosystems into new ecosystems that are more innovative, complex and

dynamic. The digital transformation process not only provides an opportunity to completely overhaul the work processes and systems that have been running so far, thereby making the work process more efficient and effective, but also provides an opportunity for the community, especially business actors, to improve their transaction experience during the process. (Shinta Winasis And Setyo Riyanto,2020)

Based on the findings of the literature, the digital transformation business trend that is starting to develop in Indonesia is marked by the establishment of start-up companies, e-commerce, financial technology and on demand services. However, in this study, the authors focus more on implementing digital transformation in the on demand services sector. On demand service is a service based on customer or consumer needs. When consumers need and order services, the service provider will immediately respond. The concept of on demand service is also the same as the concept of ordering fast food through delivery orders. (Alfian Nara Weking, 2018)

From the explanation above, the authors argue that the application of on-demand service-based digital transformation during the Covid-19 pandemic is believed to be able to influence efforts to revitalize the MSME economy, especially in the micro business sector, but this must be mediated by an understanding of business actors regarding the implementation of digital transformation. . Because if business actors do not have digital knowledge, then business actors cannot implement digital transformation, so that business actors cannot improve business performance and in the end the revitalization efforts will not go well. Therefore, the higher the application of business with digital transformation reflects the higher the understanding of business actors regarding the use of technology in their activities and activities.

However, this situation is inversely proportional to the condition of the majority of Indonesian people, some of whom are not ready to implement digital transformation in all of their activities. The low level of public literacy is caused by a lack of understanding of technology and information mastery. In this case it can be said that digital understanding becomes an intermediary between the application of digital

technology and revitalization efforts. Business actors' understanding of technology is termed digital literacy. (Theresia Herlina Rochadiani, 2020)

Literature Review

Digital literacy itself is defined as technology literacy. Digital literacy is knowledge and skills in finding, evaluating, applying, creating and using information in a healthy, wise, intelligent, accurate and legal way by using or applying digital media, communication tools or networks in daily activities. (Gerakan Literasi Nasional, Literasi Digital (Jakarta: Sekretariat Tim Gln Kemdikbud, 2017). If it is associated with online transportation demand-based services (on demand services), which are application-based services, of course the users of this application must have an understanding of its use so that the goal of business actors is to improve business performance by using digital concepts. However, this situation will be inversely proportional if the business actor does not understand the use of the service with the application offered. And in the end the thing that became the goal was not achieved.

Based on the results of initial interviews conducted by the author with Asnidar, Head of Section (Kasi) for UKM Development in Bukittinggi City, that there is a relationship between digital literacy and entrepreneurial behavior which indicates a positive and significant relationship. The need for digital literacy for MSME business actors provides very meaningful benefits for business continuity. In-depth socialization is needed for business actors so that in the future they can run their business by implementing digital transformation. (Asnidar, 2021). In line with that, with digital literacy capabilities, micro-scale business actors can increase business profits through online marketing by participating in forums on social media. (Eka Khusniatuz Zahro, 2019).

According to Rudy Salahuddin, Deputy for Digital Economy Coordination, Employment, MSMEs of the Coordinating Ministry for Economic Affairs, Rudy Salahuddin stated that one of the challenges of digitizing MSMEs in Indonesia is the low level of digital literacy, financial literacy and digital financial literacy. In fact, with a large population, smartphone ownership and high internet penetration, Indonesia has

great digital economic potential.(Manggala, 2021) Based on the results of a field survey, of the many MSME actors who are familiar with information technology in developing their business activities, only around 17% or 3.97 million MSME actors understand business digitalization. (Bagong Suyanto, 2020)

Digital literacy is an absolute skill that must be possessed by micro, small and medium enterprises nowadays, because an understanding of digital in business can certainly make it easier for business actors to reach consumers. In addition, the implementation of digital transformation also provides benefits to the performance of micro, small and medium enterprises themselves, such as ease of transaction, understanding consumer needs more quickly, expanding the market, flexible business operations and access to a broad business network.

Digital literacy is not only the technical ability to operate a computer as a digital device, but also the ability to adapt to activities mediated by digital technology. For some uneducated micro, small and medium enterprises who are not familiar with information technology and use of the internet, it must be admitted that their opportunities to participate in digital processes are not large. Despite all the limitations, it is certain that not many micro, small and medium business actors can adapt to the pandemic era. Why? This is simply because cultivating digital literacy skills is not something that can be done immediately.

Apart from the fact that the government actually has good intentions to revitalize micro, small and medium enterprises (MSMEs) by implementing digital transformation in business, it cannot be denied that achieving this goal is not easy. MSME actors' understanding of the use of information technology, online marketing is still limited, and production processes and online market access are still not optimal, so MSME actors do not have many opportunities to use it to improve their own abilities. Therefore, this research is expected to be able to make a special contribution to the government, the Office of Cooperatives, SMEs and Trade so that they can guide, direct and guide MSMEs in Bukittinggi City, especially the micro business sector, to run their businesses by implementing digital transformation so that the businesses they run can

continue to grow. Furthermore, this study recommends a strategy to increase the application of digital transformation to MSME business actors by increasing the digital literacy of business actors.

This study aims to determine the effect of implementing digital transformation on the revitalization of MSMEs during the Covid-19 pandemic with digital literacy as a mediator variable. This study tries to explain how the effect of the application of digital transformation on the revitalization of MSMEs during the Covid-19 pandemic, how the effect of the application of digital transformation on the digital literacy of business actors, how the effect of digital literacy on the revitalization of MSMEs during the pandemic and how digital literacy mediates the application of digital transformation to MSME revitalization during the Covid-19 pandemic.

Based on the research objectives above, the research hypothesis can be formulated as follows:

- H₁: There is a direct positive and significant influence between the application of digital transformation to the revitalization of MSMEs
- H₂: There is a direct positive and significant influence between the implementation of digital transformation on digital literacy as a mediator (intervening variable)
- H₃: There is a direct positive and significant effect of digital literacy on the revitalization of MSMEs
- H₄: *Digital literacy mediates the relationship between the application of digital transformation and the revitalization of MSMEs*

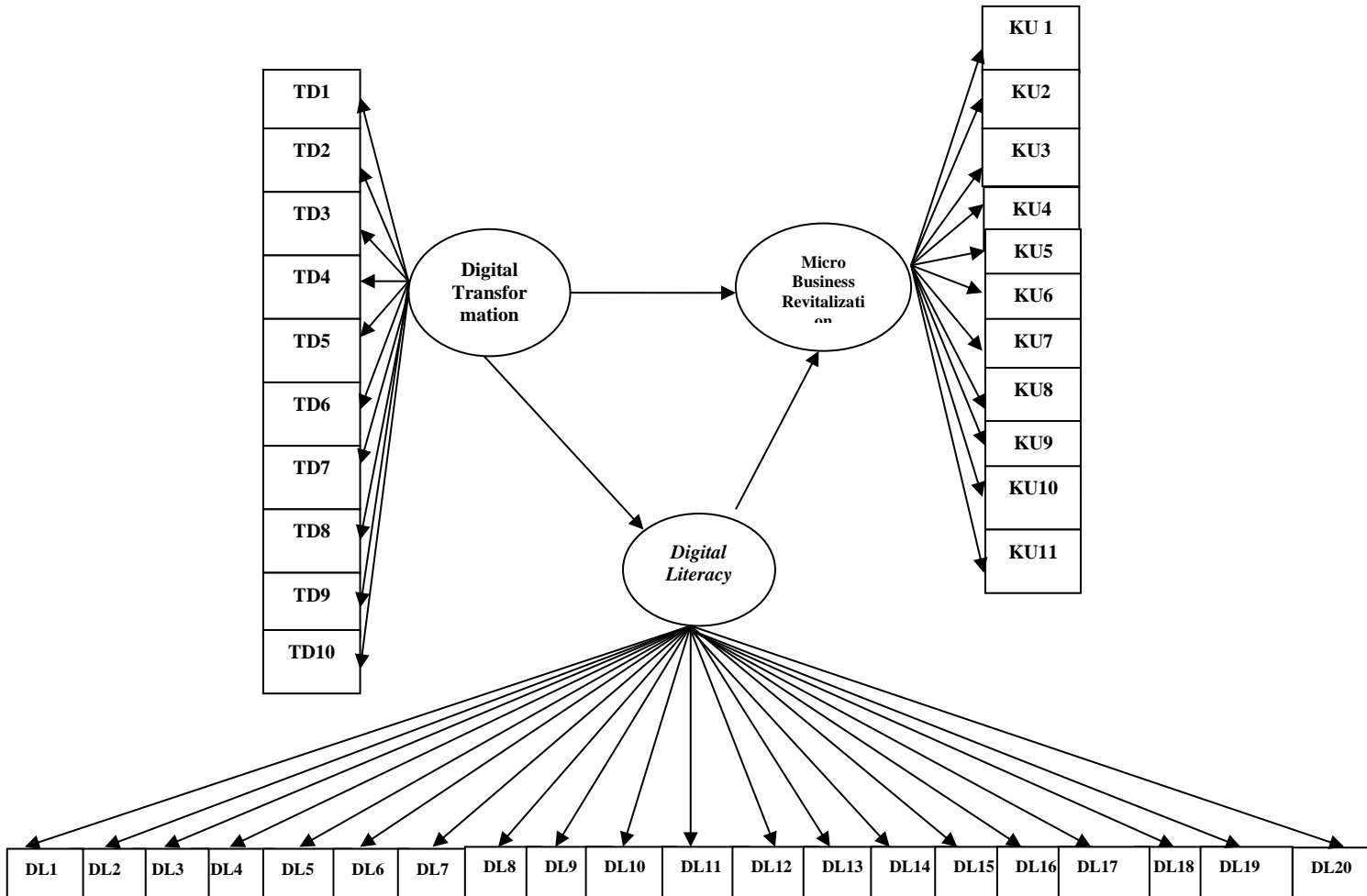
Research Methods

This research includes quantitative research with correlation research. In this study, researchers wanted to see the relationship between digital transformation variables and the revitalization of SMEs in Bukittinggi City in order to improve business performance through digital literacy which is the intermediary variable. The research location was conducted in the City of Bukittinggi. The data used is primer data sourced from research samples, namely micro sector MSME business actors affected by the Covid-19 pandemic. The number of samples used was 378 respondents.

This study uses data analysis with WarpPLS software version 7.0. PLS is a variant-based structural equation analysis (SEM) that can simultaneously test the measurement model as well as test the structural model. Testing the measurement model in PLS is evaluated based on convergent and discriminant validity. The indicators are measured from the value of the outer loading model (measurement model). Convergent validity is said to be high if the outlier loading value or the correlation between the indicator score and the structure is above 0.7, but if the loading score is between 0.5-0.6 it does not remove the indicator that has that score as long as the AVE score is > 0.5 (Ghozali, 2006). Meanwhile, reliability is evaluated based on composite reliability for each indicator block from the value of the outer loading model (Ratmono, 2021).

The structural model (inner model) is used to test the hypothesis. The purpose of the inner model is to see the relationship between variables. In this study, the analysis technique used is PLS with mediation using path analysis. Path analysis will help in seeing the magnitude of the coefficients directly and indirectly from the dependent variable to the independent variable, and paying attention to the magnitude of the coefficients. Then it can be compared the magnitude of the influence directly and indirectly. Based on these coefficients, it will be known which variable has the greatest influence from the smallest influence of the dependent variable. The following is a picture of the path analysis model in this study.

Picture 1



Discussion

Characteristic Responden

a) Characteristics of Respondents Based on Gender (Gender)

Based on processed data in the questionnaire it can be explained that the majority of respondents 54.8% were female respondents, while 45.2% were male respondents.

b) Characteristics of Respondents Based on Age

Respondents who were scattered in this study were between the ages of >40 years with a frequency of 115 people (30.4%). Then respondents with an age range of 36-40 years had a frequency of 91 people (24.1%), then respondents with an age

range of 31-35 years had a frequency of 93 people (24.6%), then respondents with an age range of 26-30 years had a frequency of 75 people (19.8%). And finally, respondents with an age range of 20-25 years have a frequency of 4 people (1.1%).

Karakteristik Responden Berdasarkan Pendidikan

From the processed research data, it can be seen that according to education level, the majority of respondents, 66.9% or 253 people, were respondents with a high school education level/equivalent, while the other 33.1% were respondents with an undergraduate education level.

c) **Characteristics of Respondents Based on Business Identity**

From the results of processed research questionnaire data, it can be seen that respondents according to business identity with the highest frequency were culinary businesses with a frequency of 359 people (95.0%), followed by clothing businesses with 8 respondents (2.1%) , then respondents with a shoe business totaled 5 people (1.3%), followed by hijab, embroidery and accessories businesses, each of which amounted to 2 people with a percentage of 0.5%.

d) **Characteristics of Respondents Based on Business Initiatives**

From the results of the processed data from the research questionnaire, it was found that the respondents with the highest frequency were respondents with their own business startups or self-established businesses with a frequency of 328 businesses (86.8%), then businesses which were inherited from generation to generation had a frequency of 31 businesses (8.2%) and lastly, other businesses apart from own business and inheritance have a business frequency of 19 (5.0%).

Research Instrument Test

1. Model Fit Test

The fit test is used to check or see whether the model formed is feasible or not as a basis for hypothesis testing. The indicators that represent the feasibility of the model are the Average Path Coefficient (APC), Average R-Squared (ARS), Average Block VIF (AVIF). In this study, the model fit test and quality index are shown in the following table.

Table 2
Test Model Fit and Quality Indices

No	Criteria	Mark	Information
1.	Average Path Coefficient (APC)	0.626, P= < 0,001	Accept
2.	Average R-Squared (ARS)	0.870, P= < 0,001	Accept
4.	Average Block VIF (AVIF)	1.090	Accept

Source: Primary Data Processed with WarpPLS 7.0, 2021

From the results of the fit model and quality index in the table above it can be seen that:

- a. The model has good fit, where the P-Value values for APC, ARS, and AARS are less than or equal to 0.001 with APC = 0.626, ARS = 0.870 and AARS = 0.869
- b. The resulting AVIF (1,090) and AFVIF (1,496) values are ≤ 5 , ideally ≤ 3.3 , which means that there is no multicollinearity problem of the indicators of the variables being tested.

So in this case it can be concluded that the model is fit with the data so that it can continue the next test.

2. Model Test (Outer Model and Inner Model Test)

a. Outer Model Test (Validity and Reliability Test)

1) Validity test

Test the validity of the indicators of each variable in this study using WarpPls 7.0 software. evaluating the test results is based on convergent and discriminant validity. convergent validity) is based on item scores or indexes with constructed scores. Convergent Validity is used to determine the validity of each relationship between indicators and the underlying structure. The high outer loading explains that the indicator can be described by the construct being measured which should in this case have a statically significant value. The general rule is that the outer loading value should be > 0.708 or higher. Thus it will obtain a squared value equal to 0.50. In the outer model variable test.

Pada uji *outer model* variabel penerapan transformasi digital dilihat pada tabel di bawah ini:

Tabel 3
TD Variable Outer Loading Value

Indikator	Transformasi Digital	AVE	P-Value
TD1	0.877	0.764	< 0.001
TD2	0.871		< 0.001
TD3	0.842		< 0.001
TD4	0.856		< 0.001
TD5	0.890		< 0.001
TD6	0.889		< 0.001
TD7	0.861		< 0.001
TD8	0.863		< 0.001
TD9	0.905		< 0.001
TD10	0.884		< 0.001

Source: Primary Data Processed with WarpPLS 7.0, 2021

Based on the above data processing contained in table 3, it shows that the digital transformation variable has fulfilled the convergent validity which is part of the outer model which has a loading factor > 0.70 with AVE > 0.50. To test the validity of the digital literacy (DL) variable, it is presented in table 4 below:

Table 4
DL Variable Outer Loading Value

Indikator	Digital Literacy	AVE	P-Value
DL1	0.831	0.772	< 0.001
DL2	0.868		< 0.001
DL3	0.872		< 0.001
DL4	0.886		< 0.001
DL5	0.891		< 0.001
DL6	0.889		< 0.001
DL7	0.891		< 0.001
DL8	0.894		< 0.001
DL9	0.829		< 0.001
DL10	0.866		< 0.001
DL11	0.882		< 0.001
DL12	0.892		< 0.001
DL13	0.886		< 0.001
DL14	0.913		< 0.001
DL15	0.881		< 0.001
DL16	0.891		< 0.001
DL17	0.876		< 0.001
DL18	0.870		< 0.001
DL19	0.862		< 0.001

DL20	0.892		< 0.001
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Source: Primary Data Processed with WarpPLS7.0, 2021

Based on the processing of the data above contained in table 4.10, it shows that the Digital literacy variable has met convergent validity which is part of the outer model which has a loading factor > 0.70 with AVE > 0.50. And for the UMKM Revitalization variable as measured by business performance indicators, a result validity test is carried out which can be shown in table 5 below:

Table 5
Outer Loading Value of MSME Revitalization Variables

Indikator	Kinerja Usaha	AVE	P-Value
KU1	0.848	0.718	< 0.001
KU2	0.870		< 0.001
KU3	0.827		< 0.001
KU4	0.857		< 0.001
KU5	0.865		< 0.001
KU6	0.805		< 0.001
KU7	0.853		< 0.001
KU8	0.800		< 0.001
KU9	0.872		< 0.001
KU10	0.871		< 0.001
KU11	0.849		< 0.001

Source: Primary Data Processed with WarpPLS7.0, 2021

From the results of the data processing above in table 4.11, it can be seen that the MSME Revitalization variable by taking business performance indicators has met the convergent validity which is part of the outer model, which has a loading factor > 0.70 with AVE > 0.50.

Whereas discriminant validity is indicated by the square root of AVE greater than the correlation coefficient between constructs in each column, so discriminant validity has a value of bai, this can be seen in the table below:

Table 6
Correlation Among Laten Variables

Keterangan	TD	DL	KU
TD	0.874	0.830	0.827
DL	0.830	0.870	0.800
KU	0.827	0.800	0.847

Source: Primary Data Processed with WarpPLS7.0, 2021

Table 6 above shows that the Discriminant Validity criteria have been met, this can be seen from the AVE squared score which is greater than the correlation coefficient between constructs listed in each column. These results show that compared to other variables, each indicator of each variable can measure these variables are more accurate. This means that the TD variable can accurately measure the TD variable which is expressed by the square root of TD to TD of 0.874 which is greater than the square root of AVE TD To DL of 0.830, and TD to KU of 0.827.

The DL variable is expressed by the square root of AVE DL to DL of 0.870, which is greater than the square root of AVE DL to TD of 0.830 and DL to KU of 0.800. And the KU variable is expressed by the square root of AVE KU to KU of 0.847, this value is greater than the square root of AVE KU to TD of 0.827 and KU to DL of 0.800.

2) Reliability Test

The instrument reliability test in this study was measured by two criteria, namely using the value of composite reliability and Cronbach alpha to measure each variable in the reflective construct. A variable is said to be reliable if the value of composite reliability and Cronbach alpha has a value of > 0.70.(Latan, 2015) *Composite reliability and Cronbach alpha of each variable in this study are shown in table 7 below:*

Table 7
Uji Cronbach Alpha dan Composite Reliability

No	Variabel	Cronbach Alpha	Composite Reliability	Ket
1.	Transformasi Digital	0.966	0.970	Reliabel
2.	Digital Literacy	0.984	0.985	Reliabel
3.	Revitalisasi UMKM	0.961	0.966	Reliabel

Source: Primary Data Processed with WarpPLS7.0, 2021

Based on table 7 above, it shows that the digital transformation variable has a Cronbach alpha score of 0.966 with a composite reliability of 0.970. As for the digital literacy variable, the Cronbach alpha score is 0.984 with a composite reliability of 0.985. and for the revitalization of MSMEs by taking business performance indicators it

has a Cronbach alpha score of 0.961 with a composite reliability of 0.986. So it can be concluded that the three variables in the research conducted by the author have fulfilled the Cronbach test and composite reliability with a score of > 0.70.

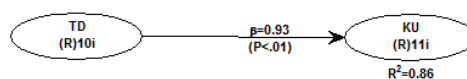
b. Uji Inner Model

1) Uji Hasil Model Mediasi

a) Melakukan estimasi *direct effect* TD terhadap KU

The estimation of the direct effect of TD on KU (path a) can be seen from Figure 2 below:

Picture 2
Estimasi Direct Effect



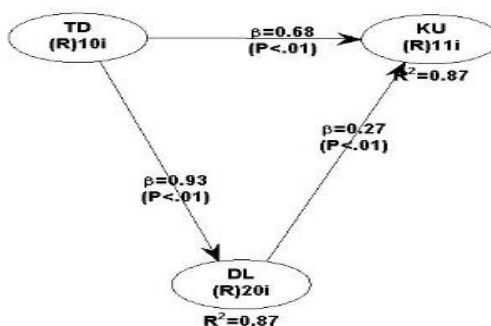
Source: Primary Data Processed with WarpPLS 7.0, 2021

From the results of the direct effect test results in Figure 2 above, it can be concluded that the digital transformation variable has a positive and significant effect on the revitalization of MSMEs by taking business performance indicators with a P-Value <0.01.

b) Simultaneously estimate the indirect effect with the PLS SEM Model, namely TD to KU, TD to DL and DL to KU

Indirect effect estimation of TD to Ku (line a''), TD to DL and DL to KU (line b) can be seen from Figure 3 below:

Picture 3
Estimasi Indirect Effect



Source: Primary Data Processed with WarpPLS 7.0, 2021

From the picture above, the test results show that the direct effect coefficient value of TD to KU is 0.93 and is significant. The estimation results show that the indirect effect coefficient of TD to KU is 0.68 and is significant. This shows that the form of mediation is in the form of partial mediation. The form of partial mediation shows that digital literacy is not the only mediating relationship between digital transformation and MSME revitalization by using business performance indicators to measure the level of success of MSME revitalization programs.

2) Mediation Test with VAF

In order to prove the mediating effect in this study, the Variance Accounted For (VAF) test was carried out. This method was developed by Peacher and Hayes and bootstrapping. Indirect effect sampling distribution is the most suitable method for PLS that uses the resampling method.(Ratmono, 2021). The steps in the mediation procedure in this study can be seen in table 8 below:

Table 8
Mediation Test Procedure with the VAF Method

Deskripsi		Results
The direct influence of TD-KU	0.93	0.93
Indirect effect of TD-DL * DL-KU	0.93*0.27	0.25
Total Influence (Indirect influence + Direct influence)	0.93 + 0.25	1.18
VAF = Indirect influence / total influence	0.25/1.18	0.21

Source: Mahfud Sholihin, 2021

From the results of the mediation effect testing process above, it can be concluded that the role of digital literacy as an intervening variable is 0.21 or 21% which is partial mediation. Partial mediation explains that the intervening variable is not the only variable that mediates between the independent variable and the dependent variable. These results indicate that digital transformation has an indirect effect on business performance which is an indicator of MSME revitalization and digital literacy acts as a partial mediation of the relationship between digital transformation and business performance as an indicator of the success of MSME revitalization, especially in this study focused on micro-enterprises in the City of Bukittinggi.

a) Hypothesis 1 (There is a direct positive and significant influence between the application of digital transformation on the revitalization of MSMEs)

The results of the study show that the application of digital transformation has a positive effect on the revitalization of MSMEs in the City of Bukittinggi during this pandemic. This means that the higher the implementation of digital transformation, the higher the business performance of MSME business actors so that the MSME revitalization program in Bukittinggi City during the pandemic can run well. This research is in accordance with research conducted by Sri Wardaya, Lilis Sulisyani and Dermanto which stated that utilizing the latest technology led to an increase in business performance even during the Covid-19 pandemic. The increase in business performance is marked by increased sales, customer growth, marketing outreach, sales target fulfillment and profit growth .(Dermanto, 2018).

b) Hypothesis 2 (There is a direct positive and significant influence between the application of digital transformation on digital literacy as a mediator variable)

The results of the study show that the application of digital transformation has a positive effect on the digital literacy of micro-entrepreneurs in the City of Bukittinggi during the pandemic. This means that the higher the application of digital transformation to business actors indicates the high level of understanding of business actors towards digital technology (digital literacy). This statement is in accordance with research conducted by Hironnymus Jati that MSMEs realize that through digital technology literacy, business will remain sustainable despite a crisis.(Jati et al., 2020).

c) Hypothesis 3 (There is a direct positive and significant effect of digital literacy on the revitalization of MSME)

In this study, it examines the influence of digital literacy on the revitalization of MSMEs, which in this case uses business performance indicators to see the level of success of government programs in terms of revitalization during a pandemic. The statistical test results in the DL to KU indirect effect test were 0.27 and significant

(<0.001). This shows that there is a positive and significant relationship of 27% between digital literacy and business performance. This means that the higher the level of understanding of business actors towards digital technology, the higher the level of business performance of the business being carried out. An empirical study conducted by Siti Nurjannah which shows a positive and significant relationship with this variable. The need for digital literacy for MSME business actors provides very meaningful benefits for business continuity.(Nurjanah & Si, 2018)

d) Hypothesis 4 (Digital literacy mediates the relationship between the application of digital transformation and the revitalization of MSMEs during the pandemic)

Based on the results of testing the hypothesis in this study, it can be seen that the relationship between the application of digital transformation and business performance as an indicator of MSME revitalization in the direct effect of TD to KU is 0.93 with a significance (<0.001). Whereas for testing the results of the estimation of the indirect effect coefficient TD to KU fell to 0.68 and is significant with a P-Value <0.001 which is a partial mediation. This statement shows that digital literacy is able to mediate the relationship between the implementation of digital transformation and the revitalization of MSMEs.

This can be interpreted that the higher the application of digital transformation in running a business, the greater the chance for success of the MSME revitalization (empowerment) program which is shown through aspects of business performance and this will be accelerated and mediated by the ability and understanding of business actors in digital technology (digital literacy). . Because without digital knowledge intermediaries, of course business actors cannot implement digital transformation, causing a decline in business performance which will continue to the failure of the government's efforts to carry out the MSME revitalization program, especially in the micro business sector.

Conclusion

Based on the descriptions that have been explained in the previous discussion, several conclusions can be drawn, namely:

- a. The application of digital transformation has a positive and significant effect on the revitalization of MSMEs by using business performance indicators during the pandemic in the City of Bukittinggi
- b. The application of digital transformation has a positive and significant effect on digital literacy as an intervening variable
- c. literacy has a positive and significant influence on business performance as an indicator of MSME revitalization, especially in the micro business sector
- d. Digital literacy as an intervening variable (mediator/intermediary) is able to mediate the relationship between the application of digital transformation to the revitalization of MSMEs by using aspects of business performance during the pandemic in Bukittinggi City.

Suggestion

- a. For the government to be able to carry out the economic revitalization program well, it is hoped that the government will be able to provide knowledge to the public and business actors by way of outreach to be able to apply existing technological developments.
- b. For the Office of Cooperatives, SMEs and Trade to be able to foster, direct and guide Bukittinggi City SMEs, especially the micro business sector to run their business by implementing digital transformation so that the business being carried out can continue to grow so that it remains a superior potential for the City of Bukittinggi even during the pandemic.
- c. For MSME business actors, especially business actors, to be able to change business patterns by using a digital system so that the businesses being run can recover and can increase income.

- d. For subsequent researchers to further develop and expand the research area, for example by looking at economic conditions, especially MSMEs during a pandemic in the province or in the national and international scope.

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