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The Influence of Financial Literacy and Digital Marketing Literacy on the Performance of Fashion Thrifting Businesses in Makassar City

Andi Caezar To Tadampali[1], Nur Arisah[2]

[1,2]Economics Education Study Program, Faculty of Economics and Business, Makassar State University, Indonesia

Abstract

The purpose of this study is to find out whether digital and financial literacy affects the performance of MSMEs in fashion thrifting companies in Makassar City. This research was conducted on a fashion thrift store in Makassar City. A quantitative research methodology is used in this study. The object of his research is MSMEs thrifting enterprises in Makassar City. The sampling strategy combines purposive sampling techniques with simple random sampling, with the criteria of MSMEs that have utilized recording applications in their operations, are still actively operating in the year of research, and use social media as a means of promotion. Data collection techniques include surveys, interviews, recordings, and observations. 100 MSMEs that have adopted digital applications received questionnaires. The t-test, the F-test, the Multiple Linear Regression Analysis, and the Classical Assumption Test are all used in the data analysis technique. The findings of the study show that although digital literacy has a large impact on the success of MSMEs in fashion thrifting companies in Makassar City, financial literacy does not have a real impact on the performance of the business.

Keywords: Financial Literacy, Digital Marketing Literacy, Business Success.

INTRODUCTION

One of the countries that strives to achieve economic growth and development at the national level is Indonesia. According to academics Rahmanto & Erlanitasari (2019). MSMEs are very important to close the development gap in addition to encouraging economic growth and creating jobs. MSMEs have an important role in solving problems that need to be solved, such as income inequality, poverty, and unemployment.

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Therefore, the main difficulty in developing MSMEs is how to expand the scope of their operations while maintaining their capacity to deliver value (Juanda et al.). Small and medium enterprises (MSMEs) are independent and profitable business units owned and operated by communities or companies in various economic sectors (Listyowati et al., 2023).

The metric used to assess the economic development of a region, country, or both is economic growth. Therefore, based on this criterion, each country seeks to increase the rate of economic growth (Arifin et al., 2021). The government can encourage economic growth by implementing policies that help MSMEs. Since its inception, it has been an important element in creating jobs and becoming the main catalyst for economic development in rural areas (Amien & Zulkarnaen, 2022). Several segments in the government, educational institutions, industry, and society in general are mainly focused on the lack of desire and encouragement for Indonesia's young generation to become entrepreneurs. Various initiatives have been carried out to encourage the spirit of entrepreneurship, especially through the influence on the attitude of the younger generation who are more likely to look for work.

The community supports Micro, Small, and Medium Enterprises (MSMEs) so that they can contribute to the country's growth, especially in the economic sector. It is recognized that MSMEs have an important role in the country's economy (Sari & Rahmantika, 2018). With the rise of MSMEs, a situation like this is very likely to occur. MSMEs have great potential in the Indonesian economy, this can be seen from their presence in various industrial sectors and play a major role in absorbing labor and making a significant contribution to GDP. Based on their resilience in facing economic crises, MSMEs are an important foundation in supporting the national economy, according to Prasetyo (2020). The more MSMEs grow and develop, the greater the production and expansion of the market, both domestically and internationally.

In Indonesia, many companies cater to the needs and preferences of their customers by providing a selection of goods and services. In terms of recruitment, micro, small, and medium-sized businesses are more capable than large companies. Especially in Makassar City, labor is an important component in the production function which is very important in achieving economic development (Hernita et al., 2021). This will further accelerate the production of goods and services so as to help the economy of Makassar City develop (Yusuf et al., 2023). This is due to the fact that most of the people are

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uneducated and involved in various small businesses, both in established and emerging industries. Moreover, MSMEs are able to absorb a large number of workers.

Many active companies in various industrial sectors are currently located in the city of Makassar, and this business has experienced tremendous growth in recent years. With the dominance of certain types of businesses, such as the fashion industry, the number of MSMEs in Makassar City is increasing and showing an increasing trend.

Micro, small, and medium enterprises or MSMEs have an important role in encouraging the expansion and development of the national economy. MSMEs are one of the pillars of the national economy in Indonesia. MSMEs have the opportunity to encourage more equitable and equitable economic growth (Octavina & Rita, 2021). The growth and resilience of MSMEs has an impact on economic performance and competitiveness. MSMEs are expected to be able to grow the local economy by starting successful micro businesses. In addition to their contribution to the national economy, MSMEs in Indonesia face a number of challenges (Larasati, Yuri, Sherli, & Toni Toni, 2022). However, the digital economy is still growing and MSMEs have not been able to achieve the same level of corporate digitalization in the era of the Industrial Revolution 4.0. The Internet of Things (IoT) has a significant impact on many aspects of daily life, especially in the business sector, and this signal can be seen with tremendous progress (Firmansyah et al., 2022).

Digital marketing literacy and financial literacy are two aspects that affect the performance of MSMEs. based on a number of previous research findings that show the importance of financial management and financial literacy for MSME finance (Rumain et al., 2021, Wulansari & Anwar, 2022). However, this is contrary to the conclusions of the research of Fitriasari et al. (2021) and Wulansari & Anwar (2022) which did not find a relationship between MSME finance and financial management or financial literacy. Therefore, based on various events and findings from academics, the purpose of this study is to assess and examine the impact of financial management and financial literacy on financial performance. In addition, the author wanted to look at any possible relationship between financial performance, financial management, and financial literacy.

The majority of MSMEs believe that everything is going according to plan in their company. In fact, many MSMEs have not yet developed. The low level of financial literacy and irregular financial management are two obstacles to the growth and success of MSMEs (Rizky, 2019). A number of studies show that a person's capacity to identify and access financial institutions affects the rate of business growth (Aribawa, 2016). Financial

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literacy is very important for all entrepreneurs because MSMEs must be able to manage their funds efficiently to run their businesses. Improving financial literacy and management of MSME business actors is one way to grow good performance, because it is directly related to increasing one's income. Literacy and financial management are related to the growth of MSME businesses. know how to evaluate financial services based on the performance of the MSMEs themselves (Rumain et al., 2021). Companies will be more successful if they manage and report their finances accurately and transparently. As revealed by Hasibuan and Pratiwi (2021). It has been proven that a lack of financial literacy leads to improper financial planning and makes it difficult for a person to thrive when one is unemployed. Because low financial literacy has a bad impact on financial behavior, this is an example of problems with people's financial understanding, viewpoints, and behavior. In addition to being an urgent problem, the low level of financial literacy among MSME actors will also have a long-term impact on society (Rosa et al., 2022).

Utilizing digital technology-based marketing techniques is one way to provide fresh hope for MSMEs to become a significant economic power. The level of digital awareness, which can be used to evaluate the capacity of MSMEs to use digital technologies, indicates how ready they are to use them and how to digitize various business operations.

Many people are quite interested in the fashion industry, especially the sale of second-hand goods. Because human needs are unlimited, if one need is met, new needs always arise (Ansar & Rusli, 2023). In English, the word "thrift" relates to savings, especially when it comes to clothing or related items. Offering lower prices than usual while maintaining good quality is one way to save money in this situation. Putri & Patria (2022) defines thrifting as the process of finding and buying used clothes at a reasonable price. In addition to generating financial profits, the fashion sector has many enthusiasts, especially in the sale of second-hand goods. Human needs are endless, so if one is met, there will always be another need (Ansar & Rusli, 2023). The English word "thrift" connotes thrift, specifically as it relates to clothing or related items. One option to save money in this scenario is to provide goods at a lower price than usual but still maintain good quality. Thrifting is the act of finding and buying used clothes at a reasonable price according to Putri & Patria (2022). In addition to generating financial benefits,

Technological advances can make it easier to open a company for entrepreneurs in today's rapidly growing digital era by offering a series of advantages and conveniences (Dewi & Andiana, 2021). The majority of small business owners measure the success of

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their companies primarily by looking at their revenue and growth (Oluwakemi, 2019). The degree of familiarity of business actors with digital-based businesses is one of the elements in the development of MSMEs, especially small businesses that implement digital marketing (Erlangga & Pasundan, 2022).

Many business actors today lack technical literacy, which hinders them in utilizing technology in managing their companies (Mulasiwi & Kholifaturrohmah, 2020). Before utilizing digital marketing, you must at least understand the basics of digital business. Small and medium-sized businesses have the opportunity to grow into an important economic force by implementing digital marketing strategies (Elyana et al., 2023). This can encourage business owners to immediately launch a business in today's fast-paced digital era by offering a number of advantages and conveniences, including the ability to conduct digital marketing (Ariawan & Ariani, 2023).

Based on observation data, MSME actors in the fashion thrifting industry in Makassar City already have the knowledge, ability, and confidence in managing their finances. They also run their own entities and businesses and use applications to support MSME businesses, such as creating sales recaps and managing product inventory. However, their business financial statements are still lacking because they are still not familiar with digital features for product promotion and sales, as well as their poor performance in financial management and reporting.

The purpose of this study is to find out and evaluate the relationship between financial literacy and the performance of fashion thrifting MSMEs in Makassar City. to find out and evaluate how fashion thrifting MSMEs in Makassar City are affected by digital literacy. to find out and evaluate the impact of digital and financial literacy on the thrifting performance of fashion MSMEs in Makassar City.

The ability of people or groups to handle their money wisely according to the needs and economic climate where they live is known as financial literacy (Septiani & Wuryani, 2020). Financial literacy is an important skill for business people, especially MSME owners. But in reality, many MSMEs continue to fail due to the lack of financial literacy needed to run their businesses efficiently. Financial management is an important aspect of running a business. Financial management is the main issue in MSMEs because of its significance which is often ignored by MSME owners. Financial management skills are also needed for MSMEs to manage and use their assets efficiently (Sumelka, 2016). Financial literacy has a good and great influence on the success of MSMEs, according to

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research by Iko Putri Yanti (2019). This shows that if MSME actors continue to improve their financial literacy, the performance of MSMEs will increase significantly.

One of the problems faced by MSMEs is their ignorance of the use of digital technology for product and service marketing. According to (Garzoni et al., 2020), the level of digital awareness, the level of digital investigative capability, the level of digital cooperation, and the level of digital transformation capability can all be used to measure an organization's readiness for technology and how to digitize certain business activities. Business actors benefit from understanding ICT and digital literacy because this shows consumer satisfaction. Service quality has a great influence on customer satisfaction. This shows that customer perception and expectations for service quality are aligned, resulting in emotions of satisfaction with the quality of service obtained (Tahir et al., 2021).

RESEARCH METHODS

A quantitative research methodology is used in this study. The object of his research is MSMEs thrifting enterprises in Makassar City. The sampling strategy combines purposive sampling techniques with simple random sampling, with the criteria of MSMEs that have utilized recording applications in their operations, are still actively operating in the year of research, and use social media as a means of promotion. Data collection techniques include surveys, interviews, recordings, and observations. 100 MSMEs that have adopted digital applications received questionnaires. The t-test, the F-test, the Multiple Linear Regression Analysis, and the Classical Assumption Test are all used in the data analysis technique.

RESULTS AND DISCUSSION

Results

The results of the Validity and Reliability test are as follows:

Table 1. Validity Test Results

Variable Count X1	Variable Count X2	Variable Count Y	Table	Information
(X1.item 1) 0.480	(X2.item 1) 0.636	(Y.item 2) 0.761	0,300	Valid
(X1.item 2) 0.568	(X2.item 2) 0.618	(Y. item 2) 0.800	0,300	Valid
(X1. Item 2) 0.568	(X2. Item 2) 0.618	(Y. item 2) 0.800	0,300	Valid
(X1.item 3) 0.778	(X2.item 3) 0.766	(Y. item 3) 0.809	0,300	Valid

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(X1. Item 4) 0.557	(X2.item 4) 0.811	(Y. item 4) 0.826	0,300	Valid
(X1.item 5) 0.484	(X2.item 5) 0.742	(Y. item 5) 0.834	0,300	Valid
(X1.item 6) 0.669	(X2.item 6) 0.873	(Y. item 6) 0.800	0,300	Valid
(X1.item 7) 0.631			0,300	Valid
(X1.item 8) 0.791			0,300	Valid

Table 1 shows that all measurement items of the variables of this study have a higher correlation coefficient than the r-table. >0.300 for the Corrected Standard item-total correlation. The validity of the questionnaire statement in this study is supported by the findings of the validity test.

Table 2. Rehabilitation Test Results

Variable	CronbachAlpha	Information
Financial Literacy (X1)	0,772	Reliable
Digital Literacy (X2)	0,829	Reliable
MSME Performance (Y)	0,884	Reliable

Table 2 shows that testing the study with this measurement yielded reliable results at Cronbach alpha 0.600. The dependence of the questionnaire statement in this study is shown by the findings of the reliability test.

DISCUSSION

Financial Literacy Has a Significant Effect on the Performance of Fashion MSME Thrifting Business in Makassar City

Using α = 5%:2 = 2.5% (two-sided test), the statistical findings of the t-test of the Financial Literacy variable produced a t-value of 1.657 with a table value of 1.984 (1.657 > 1.984) and a significance value of 0.101 more than 0.05 (0.101>0.05). Hypothesis 1, namely financial literacy, has a significant effect on the performance of the fashion MSME thrifting business in Makassar City, then refuted. Based on this study, there is no real relationship between financial literacy and thrifting performance in MSME businesses in Makassar City. The results of this study show that most thrifting MSME business actors in Makassar City still lack the basic financial literacy. This is contrary to the research that has been conducted (Septiani & Wuryani, 2020). According to research by Iko Putri Yanti (2019) and Kasendah et al. (2019), financial literacy has a significant effect on the

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performance of MSMEs. Because financial literacy is reliable and able to actively contribute to initiatives that aim to improve the performance of MSMEs. In this case, it can also be concluded that the performance of MSMEs will increase if their financial literacy increases. A higher level of financial literacy will improve the performance of MSMEs.

The Performance of Thrifting MSME Businesses in Makassar City is Significantly Influenced by Digital Literacy

Using α = 5% : 2 = 2.5% (two-sided test), the statistical results of the variable t-test produced a t-value of 9.222 with a t-value of 1.657 (9.222 < 1.657) and a significance value of 0.000, which is smaller than 0.05 (0.000 < 0.05). so it was decided to adopt Hypothesis 2 which states that the performance of thrifting MSME businesses in Makassar City is significantly influenced by digital literacy. This study shows the great impact of digital literacy on the success of MSMEs. The results of the study show that business actors are not only aware of digital media, but also actively incorporate digital literacy into their daily lives. This is especially true in supporting their business ventures, such as using digital media for marketing or promotion to develop their company. Business actors will make more money if they use social media more often to promote (Zahro, 2019). The performance of MSME thrifting companies in Makassar City is significantly influenced by digital literacy, this is in line with the findings of Amelia et al. (2022).

CONCLUSION

The findings of the research and subsequent discussion led to the conclusion that, although digital literacy significantly affects the performance of MSMEs that thrifting in Makassar City, financial literacy does not have a real impact on the success of these businesses. Therefore, MSME actors must make increasing financial and digital literacy a top priority. These results show that digital literacy and finance are important components that can improve the performance of MSMEs.

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