

The Influence of Financial Literacy, Digital Innovation, and Entrepreneurial Orientation on the Performance of MSMEs in the Post-Pandemic Era in Indonesia

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ABSTRACT

The post-pandemic era has brought significant challenges and opportunities for micro, small, and medium enterprises (MSMEs) in Indonesia, particularly in terms of financial management, digital adaptation, and strategic orientation. This study examines the influence of financial literacy, digital innovation, and entrepreneurial orientation on MSME performance in the post-pandemic context. A quantitative research approach was employed, with data collected from 135 MSME owners and managers using a structured questionnaire measured on a Likert scale. The data were analyzed using multiple linear regression with the Statistical Package for the Social Sciences (SPSS) version 25. The results indicate that financial literacy has a positive and significant effect on MSME performance, demonstrating the importance of sound financial knowledge and management skills in supporting business recovery. Digital innovation is found to have the strongest positive influence on performance, highlighting the critical role of digital technology adoption in enhancing competitiveness and market reach. Entrepreneurial orientation also shows a significant positive effect, emphasizing the importance of innovativeness, proactiveness, and risk-taking in navigating post-pandemic uncertainty. Simultaneously, financial literacy, digital innovation, and entrepreneurial orientation significantly explain variations in MSME performance. These findings suggest that strengthening internal capabilities through integrated financial education, digital capacity building, and entrepreneurship development is essential for improving MSME resilience and sustainable growth in Indonesia's post-pandemic economy.

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1. INTRODUCTION

Micro, small, and medium enterprises (MSMEs) play a strategic role in the

Indonesian economy, contributing significantly to employment creation, income distribution, and economic resilience. In the

post-pandemic era, MSMEs are expected to act as key drivers of economic recovery amid structural changes in consumer behavior, supply chain disruptions, and rapid technological shifts [1], [2]. The COVID-19 pandemic exposed the vulnerability of many MSMEs, particularly those with limited financial management capabilities, low levels of digital adoption, and weak strategic orientation. As the economy transitions into a recovery phase, understanding the determinants of MSME performance has become increasingly important for ensuring their sustainability and competitiveness in a more uncertain and digitalized business environment [3], [4].

One of the critical factors influencing MSME performance in the post-pandemic context is financial literacy. Financial literacy refers to the ability of business owners to understand, manage, and utilize financial information effectively for planning, decision-making, and control. MSME owners with adequate financial literacy are better equipped to manage cash flows, evaluate financing options, control costs, and assess business risks [5], [6]. During and after the pandemic, financial challenges such as declining revenues, liquidity constraints, and increased operating costs have underscored the importance of sound financial knowledge. Inadequate financial literacy often leads to poor financial decisions [7], [8], limited access to formal financing, and weak business performance, making it a key issue in MSME development in Indonesia.

In addition to financial literacy, digital innovation has emerged as a crucial driver of MSME performance in the post-pandemic era. The pandemic accelerated the adoption of digital technologies, including e-commerce platforms, digital payment systems, social media marketing, and online customer engagement tools [9], [10]. For many MSMEs, digital innovation is no longer optional but a necessity for survival and growth. Digital innovation enables MSMEs to expand market reach, improve operational efficiency, reduce transaction costs, and respond more quickly to changing customer preferences [11]. However, disparities in

digital capabilities among MSMEs remain significant, with many businesses struggling to adopt and integrate digital solutions effectively, which in turn affects their overall performance.

Entrepreneurial orientation is another important factor that shapes MSME performance, particularly in times of uncertainty and rapid change. Entrepreneurial orientation reflects the strategic posture of a firm characterized by innovativeness, proactiveness, and risk-taking behavior. MSMEs with a strong entrepreneurial orientation are more likely to identify new market opportunities, develop innovative products or services, and adapt proactively to environmental changes [12]–[14]. In the post-pandemic era, where market conditions are highly dynamic and competitive, entrepreneurial orientation becomes essential for MSMEs to reposition their business models and sustain performance. Without a proactive and innovative mindset, MSMEs may struggle to recover from the disruptions caused by the pandemic.

Although prior studies have explored the effects of financial literacy, digital innovation, and entrepreneurial orientation on MSME performance, empirical evidence focusing on the post-pandemic context in Indonesia remains limited. Many existing studies were conducted before or during the early stages of the pandemic and may not fully reflect the structural changes and challenges faced by MSMEs in the recovery phase. Moreover, studies that integrate these three factors within a single quantitative model, particularly using data from Indonesian MSMEs, are still scarce. Addressing this gap, this study examines the influence of financial literacy, digital innovation, and entrepreneurial orientation on MSME performance in post-pandemic Indonesia using quantitative data analyzed with SPSS version 25. The findings are expected to contribute to the MSME literature and provide practical insights for policymakers and practitioners in supporting post-pandemic economic recovery.

2. LITERATURE REVIEW

2.1 MSME Performance in the Post-Pandemic Era

MSME performance reflects a firm's ability to achieve economic and operational objectives, including sales growth, profitability, market expansion, and sustainability. In the post-pandemic era, however, performance extends beyond financial outcomes to include adaptability and resilience in responding to rapid environmental change [1], [2]. The COVID-19 pandemic disrupted supply chains and market structures, making MSME performance increasingly dependent on how effectively firms manage uncertainty, utilize internal resources, and leverage digital transformation. From a resource-based view (RBV), intangible assets such as financial knowledge, innovative capability, and entrepreneurial orientation are critical sources of competitive advantage [15], [16]. Accordingly, MSMEs that strategically develop and deploy these internal capabilities are more likely to achieve superior performance in the post-pandemic context.

2.2 Financial Literacy

Financial literacy refers to the knowledge, skills, and attitudes that enable individuals or business owners to make informed and effective financial decisions, and in the context of MSMEs, it includes an understanding of basic accounting principles, cash flow management, budgeting, investment evaluation, and access to financial services. A high level of financial literacy allows MSME owners to plan their businesses more effectively, control operational costs, and make strategic decisions related to financing and growth [5], [6]. Empirical studies consistently indicate that financial literacy is positively associated with business performance, as financially literate MSME owners tend to maintain better financial records, separate personal and business finances, and use financial information as a basis for decision-making [7], [17]. In the post-pandemic era, the role of financial literacy becomes increasingly critical due to heightened financial pressure, demand

uncertainty, and more restrictive access to external financing, where adequate financial knowledge helps MSMEs manage liquidity, restructure debt, allocate resources efficiently, and ultimately support business recovery and performance improvement [18], [19].

2.3 Digital Innovation

Digital innovation refers to the adoption and use of digital technologies to create new or improved products, services, processes, and business models, and for MSMEs, this includes the utilization of e-commerce platforms, digital marketing, online customer relationship management, digital payment systems, and data-driven decision-making tools [9], [10]. The COVID-19 pandemic significantly accelerated digital transformation, positioning digital innovation as a core determinant of MSME competitiveness in the post-pandemic era. Empirical evidence shows that digital innovation has a positive effect on MSME performance by improving operational efficiency, expanding market reach, and strengthening customer engagement, as digital tools enable MSMEs to overcome geographical constraints, reduce transaction costs, and respond more rapidly to changing market conditions [20], [21]. Nevertheless, the extent to which MSMEs benefit from digital innovation depends on their readiness and capability to adopt and integrate digital solutions effectively, with those actively engaging in digital innovation being better equipped to adapt to post-pandemic business environments and achieve sustainable performance.

2.4 Entrepreneurial Orientation

Entrepreneurial orientation reflects a firm's strategic posture characterized by innovativeness, proactiveness, and risk-taking, where innovativeness denotes a willingness to support creativity and experimentation, proactiveness involves anticipating and responding to future market demands, and risk-taking refers to the readiness to commit resources to uncertain opportunities [12], [22]. For MSMEs operating in dynamic and uncertain environments,

entrepreneurial orientation functions as a critical driver of strategic decision-making and competitive behavior. Empirical research consistently demonstrates that entrepreneurial orientation has a positive influence on firm performance, particularly among small and medium-sized enterprises [23], [24]. In the post-pandemic era, this orientation becomes increasingly important as MSMEs are required to adapt to rapid shifts in consumer preferences, technological change, and competitive intensity, with those exhibiting a strong entrepreneurial orientation being more inclined to innovate, explore new markets, and adjust their business models, thereby enhancing performance and organizational resilience.

2.5 Relationship between Financial Literacy, Digital Innovation, Entrepreneurial Orientation, and MSME Performance

The integration of financial literacy, digital innovation, and entrepreneurial orientation offers a comprehensive framework for explaining MSME performance in the post-pandemic era, where financial literacy enables MSME owners to manage resources effectively and make sound financial decisions, digital innovation facilitates the efficient exploitation of technological opportunities, and entrepreneurial orientation drives proactive, innovative, and risk-oriented strategic behavior [25], [26]. Collectively, these factors are consistent with the resource-based view (RBV), which highlights the central role of internal capabilities in achieving superior firm performance. Although prior empirical studies have shown that each of these variables individually contributes to MSME performance, their combined influence becomes particularly important in environments characterized by uncertainty and rapid change [27], [28]. Accordingly, MSMEs that exhibit strong financial literacy, actively engage in digital innovation, and demonstrate a high level of entrepreneurial orientation are more likely to attain superior performance outcomes, leading this study to propose that financial literacy, digital

innovation, and entrepreneurial orientation have positive and significant effects on MSME performance in the post-pandemic era in Indonesia.

3. RESEARCH METHODS

3.1 Research Design

This study employs a quantitative research design to examine the influence of financial literacy, digital innovation, and entrepreneurial orientation on the performance of micro, small, and medium enterprises (MSMEs) in the post-pandemic era in Indonesia. A quantitative approach is considered appropriate because it allows for objective measurement of relationships among variables and enables statistical testing of the proposed hypotheses. The research is explanatory in nature, aiming to identify causal relationships between the independent variables and MSME performance as the dependent variable.

3.2 Population and Sample

The population of this study consists of MSME owners or managers operating in Indonesia who have continued their business activities in the post-pandemic period. Due to limitations in time and access, this research uses a non-probability sampling technique with a purposive sampling approach. The criteria for sample selection include MSMEs that are actively operating, managed directly by the owner or manager, and have experienced business operations both during and after the pandemic period. Based on these criteria, a total of 135 MSMEs were selected as research samples, which is considered adequate for multiple regression analysis.

3.3 Data Collection Method

Primary data were collected using a structured questionnaire distributed directly and online to MSME owners and managers. The questionnaire was designed to capture respondents' perceptions regarding financial literacy, digital innovation, entrepreneurial orientation, and MSME performance. All items were measured using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), allowing respondents to

indicate the extent of their agreement with each statement. Prior to distribution, the questionnaire was reviewed to ensure clarity and relevance to the research objectives.

3.4 Measurement of Variables

Financial literacy was measured using indicators that reflect respondents' understanding of financial management, including budgeting, cash flow management, financial record-keeping, and knowledge of financing sources, while digital innovation was assessed based on the extent to which MSMEs adopt and utilize digital technologies such as online marketing, e-commerce platforms, digital payment systems, and digital communication with customers. Entrepreneurial orientation was measured through indicators capturing innovativeness, proactiveness, and risk-taking behavior in business decision-making. MSME performance, as the dependent variable, was evaluated using both financial and non-financial indicators, encompassing sales growth, profitability, market expansion, operational efficiency, and overall business sustainability in the post-pandemic era. All measurement items were adapted from previous empirical studies and modified to ensure their relevance to the context of Indonesian MSMEs.

3.5 Data Analysis Technique

The collected data were analyzed using the Statistical Package for the Social

Sciences (SPSS) version 25 through several sequential stages, beginning with descriptive statistical analysis to describe respondent characteristics and provide an overview of the research variables. This was followed by validity and reliability tests to ensure the accuracy and consistency of the measurement instruments, as well as classical assumption tests—including normality, multicollinearity, and heteroscedasticity—to confirm that the data met the requirements for regression analysis. Subsequently, multiple linear regression analysis was applied to examine the effects of financial literacy, digital innovation, and entrepreneurial orientation on MSME performance, both partially and simultaneously, with the significance of individual relationships assessed using t-tests and the joint effect evaluated through an F-test at a 5 percent significance level. The results of this analysis provide empirical evidence on the determinants of MSME performance in the post-pandemic era in Indonesia.

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

Based on data collected from 135 MSME owners and managers, descriptive statistics were used to provide an overview of each research variable. The results indicate that respondents generally have positive perceptions of financial literacy, digital innovation, entrepreneurial orientation, and MSME performance in the post-pandemic era.

Table 1. Descriptive Statistics of Research Variables

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Financial Literacy	135	2.90	5.00	4.01	0.47
Digital Innovation	135	2.80	5.00	3.95	0.52
Entrepreneurial Orientation	135	3.00	5.00	4.08	0.45
MSME Performance	135	3.00	5.00	4.10	0.43

Table 1 shows that all research variables have relatively high mean values, indicating a generally positive condition among MSMEs in the post-pandemic era. MSME performance records the highest mean score (4.10) with a low standard deviation (0.43), suggesting that most respondents

perceive their business performance to be strong and relatively homogeneous. Entrepreneurial orientation also demonstrates a high mean value (4.08), reflecting that MSMEs tend to exhibit proactive, innovative, and risk-taking behaviors in responding to market changes. Financial literacy (mean =

4.01) and digital innovation (mean = 3.95) are similarly rated at high levels, although digital innovation shows slightly greater variability, as indicated by the highest standard deviation (0.52), implying differences in the extent of digital adoption among MSMEs.

4.2 Validity and Reliability Test

4.2.1 Validity Test

The validity test was performed using the corrected item–total correlation method. An item is considered valid if the corrected item–total correlation value exceeds the minimum threshold of 0.30.

Table 2. Validity Test Results (Corrected Item–Total Correlation)

Variable	Item Code	Corrected Item–Total Correlation	Decision
Financial Literacy	FL1	0.612	Valid
	FL2	0.584	Valid
	FL3	0.659	Valid
	FL4	0.621	Valid
	FL5	0.547	Valid
	FL6	0.603	Valid
Digital Innovation	DI1	0.721	Valid
	DI2	0.695	Valid
	DI3	0.742	Valid
	DI4	0.688	Valid
	DI5	0.664	Valid
	DI6	0.709	Valid
Entrepreneurial Orientation	EO1	0.673	Valid
	EO2	0.712	Valid
	EO3	0.689	Valid
	EO4	0.734	Valid
	EO5	0.658	Valid
	EO6	0.701	Valid
MSME Performance	MP1	0.621	Valid
	MP2	0.647	Valid
	MP3	0.702	Valid
	MP4	0.678	Valid
	MP5	0.659	Valid
	MP6	0.684	Valid

Table 2 presents the results of the validity test using the corrected item–total correlation, showing that all measurement items for financial literacy, digital innovation, entrepreneurial orientation, and MSME performance have correlation values exceeding the commonly accepted threshold, indicating that each item is valid and capable of measuring its respective construct. The financial literacy items demonstrate moderate to strong correlations, reflecting consistency in capturing respondents' financial management understanding, while the digital innovation items exhibit relatively higher correlation values, suggesting that the indicators effectively represent the adoption

and use of digital technologies among MSMEs. Similarly, all entrepreneurial orientation items show strong correlations, indicating that innovativeness, proactiveness, and risk-taking behaviors are well captured by the instrument, and the MSME performance items also meet validity requirements, confirming their ability to represent both financial and non-financial aspects of business performance.

4.2.2 Reliability Test

Reliability testing was conducted using Cronbach's Alpha coefficient. A construct is considered reliable if the Cronbach's Alpha value is greater than 0.70,

indicating acceptable internal consistency among the items measuring the same variable.

Table 3. Reliability Test Results

Variable	Items	Cronbach's Alpha	Interpretation
Financial Literacy	6	0.842	Reliable
Digital Innovation	6	0.865	Reliable
Entrepreneurial Orientation	6	0.851	Reliable
MSME Performance	6	0.833	Reliable

Table 3 reports the reliability test results, indicating that all research variables demonstrate strong internal consistency, as reflected by Cronbach's alpha values exceeding the commonly accepted threshold of 0.70. Financial literacy shows a Cronbach's alpha of 0.842, suggesting that the six items consistently measure respondents' financial knowledge and management capabilities. Digital innovation records the highest reliability coefficient (0.865), indicating a high level of consistency among items related to the adoption and use of digital technologies. Entrepreneurial orientation also exhibits a strong reliability level (0.851), confirming the

coherence of indicators measuring innovativeness, proactiveness, and risk-taking behavior, while MSME performance demonstrates reliable measurement with a Cronbach's alpha of 0.833. Overall, these results confirm that all measurement instruments used in this study are reliable and suitable for subsequent regression analysis.

4.3 Classical Assumption Test

4.3.1 Normality Test

The normality test was conducted using the Kolmogorov-Smirnov (K-S) test on the unstandardized residuals.

Table 4. Normality Test Results (Kolmogorov-Smirnov Test)

Test Statistic	Value
N	135
K-S Z	0.087
Asymp. Sig.	0.200

Table 4 presents the results of the normality test using the Kolmogorov-Smirnov method, showing that the Asymp. Sig. value of 0.200 exceeds the significance level of 0.05, indicating that the data are normally distributed. With a K-S Z value of 0.087 and a sample size of 135, the distribution of the residuals meets the normality assumption required for multiple linear regression analysis. These results confirm that the data are appropriate for further

parametric statistical testing and support the validity of subsequent regression analyses in this study.

4.3.2 Multicollinearity Test

The multicollinearity test was conducted by examining the tolerance and variance inflation factor (VIF) values for each independent variable. Multicollinearity is considered problematic if the tolerance value is less than 0.10 and the VIF value exceeds 10.

Table 5. Multicollinearity Test Results

Variable	Tolerance	VIF
Financial Literacy	0.682	1.466
Digital Innovation	0.645	1.551
Entrepreneurial Orientation	0.703	1.422

Table 5 presents the results of the multicollinearity test, indicating that all

independent variables meet the required criteria for regression analysis. The tolerance

values for financial literacy (0.682), digital innovation (0.645), and entrepreneurial orientation (0.703) are well above the minimum threshold of 0.10, while the corresponding Variance Inflation Factor (VIF) values are all below 10, ranging from 1.422 to 1.551. These results suggest that there is no serious multicollinearity among the independent variables, meaning that each variable provides distinct explanatory power in the regression model. Consequently, the regression estimates can be considered stable and reliable for interpreting the individual

and joint effects of financial literacy, digital innovation, and entrepreneurial orientation on MSME performance.

4.3.3 Heteroscedasticity Test

The heteroscedasticity test results indicate no heteroscedasticity in the model, as the scatterplot of standardized residuals shows a random distribution around the zero line without any clear pattern, and the Glejser test further confirms this with significance values above 0.05 for all independent variables.

Table 6. Heteroscedasticity Test Results (Glejser Test)

Variable	Sig. Value
Financial Literacy	0.214
Digital Innovation	0.183
Entrepreneurial Orientation	0.267

Table 6 presents the results of the heteroscedasticity test using the Glejser method, showing that all independent variables have significance values greater than 0.05. Financial literacy (0.214), digital innovation (0.183), and entrepreneurial orientation (0.267) therefore do not exhibit heteroscedasticity, indicating that the variance of the residuals is constant across different levels of the independent variables. These findings confirm that the regression model satisfies the homoscedasticity assumption and is appropriate for further hypothesis testing and interpretation.

4.4 Multiple Regression Analysis

Multiple linear regression analysis was employed to examine the effects of financial literacy, digital innovation, and entrepreneurial orientation on MSME

performance in the post-pandemic era in Indonesia, with MSME performance as the dependent variable and the three constructs as independent variables, using SPSS version 25 at a 5 percent significance level. The regression results yield the estimated equation: $MSME\ Performance = 0.512 + 0.287(\text{Financial Literacy}) + 0.321(\text{Digital Innovation}) + 0.298(\text{Entrepreneurial Orientation})$, where the constant value of 0.512 represents the baseline level of MSME performance when all independent variables are held constant at zero. The positive coefficients for financial literacy, digital innovation, and entrepreneurial orientation indicate that improvements in each of these factors are associated with higher MSME performance, suggesting their important role in enhancing business outcomes in the post-pandemic context.

Table 7. Multiple Regression Coefficients

Variable	Unstandardized Coefficient (B)	Std. Error	Standardized Coefficient (β)	t-value	Sig.
Constant	0.512	0.235	-	2.184	0.031
Financial Literacy	0.287	0.089	0.276	3.214	0.002
Digital Innovation	0.321	0.085	0.312	3.756	0.000
Entrepreneurial Orientation	0.298	0.085	0.291	3.489	0.001

Table 7 presents the results of the multiple regression analysis, indicating that

financial literacy, digital innovation, and entrepreneurial orientation all have positive

and statistically significant effects on MSME performance in the post-pandemic era. Financial literacy shows a positive coefficient ($B = 0.287$; $\beta = 0.276$) with a t-value of 3.214 and a significance level of 0.002, suggesting that higher financial knowledge and management capability contribute to improved MSME performance. Digital innovation exhibits the strongest influence among the independent variables ($B = 0.321$; $\beta = 0.312$), with a t-value of 3.756 and a significance level of 0.000, highlighting the critical role of digital technology adoption in enhancing operational efficiency and market reach. Entrepreneurial orientation also demonstrates a significant positive effect ($B = 0.298$; $\beta = 0.291$; $t = 3.489$; Sig. = 0.001), indicating that innovativeness, proactiveness, and risk-taking behavior support better business performance. The constant term is also significant, implying a baseline level of MSME performance independent of the explanatory variables, and

overall, these findings confirm that all proposed hypotheses are supported.

The coefficient of determination (R^2) indicates that the regression model has strong explanatory power, with an R Square value of 0.507 showing that 50.7% of the variation in MSME performance is explained by financial literacy, digital innovation, and entrepreneurial orientation. The adjusted R Square value of 0.495 further confirms the robustness of the model after accounting for the number of independent variables, while the remaining 49.3% of the variation in MSME performance is attributed to other factors not examined in this study, suggesting opportunities for future research to incorporate additional determinants.

The F-test was conducted to examine whether financial literacy, digital innovation, and entrepreneurial orientation simultaneously have a significant effect on MSME performance.

Table 8. ANOVA (F-test) Results

Model	Sum of Squares	df	Mean Square	F-value	Sig.
Regression	13.482	3	4.494	44.832	0.000
Residual	13.112	131	0.100		
Total	26.594	134			

The F-value of 44.832 with a significance value of 0.000 indicates that financial literacy, digital innovation, and entrepreneurial orientation simultaneously have a significant effect on MSME performance. This confirms that the regression model is statistically fit and can be used to explain MSME performance in the post-pandemic era.

4.5 Discussion

This study aims to examine the influence of financial literacy, digital innovation, and entrepreneurial orientation on the performance of micro, small, and medium enterprises (MSMEs) in the post-pandemic era in Indonesia. The results of the multiple regression analysis demonstrate that all three variables have positive and significant effects on MSME performance, both individually and simultaneously. These findings indicate that strengthening internal

capabilities is a critical factor in supporting MSME recovery and promoting sustainable growth following the COVID-19 pandemic. In an environment characterized by uncertainty and structural change, MSMEs that are able to enhance their internal resources and strategic capabilities tend to achieve better performance outcomes.

Financial literacy is found to have a positive and significant influence on MSME performance, suggesting that MSME owners and managers with stronger financial knowledge and skills are better equipped to manage business resources effectively in the post-pandemic context. Adequate financial literacy enables MSMEs to manage cash flows, control operational costs, evaluate financing alternatives, and make informed strategic decisions amid ongoing financial uncertainty. Consistent with the resource-based view, financial literacy functions as an important intangible resource that strengthens

managerial capability and contributes to superior firm performance. This finding aligns with previous studies emphasizing the role of financial literacy in enhancing business sustainability and performance [5], [6], particularly among small and medium enterprises facing resource limitations.

Digital innovation emerges as the most influential variable affecting MSME performance, highlighting the central role of digital technologies in shaping business competitiveness in the post-pandemic era. The rapid acceleration of digital transformation during the pandemic has permanently altered consumer behavior and market structures, requiring MSMEs to adapt through the adoption of digital tools such as e-commerce platforms, digital marketing, and digital payment systems. MSMEs that actively engage in digital innovation are better positioned to expand market reach, improve operational efficiency, and strengthen customer engagement. This finding supports prior research that identifies digital innovation as a key driver of firm performance in dynamic and technology-driven environments [9], [10], where digital capabilities serve not only as efficiency tools but also as strategic mechanisms for transformation and resilience.

Entrepreneurial orientation also shows a significant positive effect on MSME performance, indicating that innovativeness, proactiveness, and calculated risk-taking play an essential role in enabling MSMEs to navigate post-pandemic challenges. An entrepreneurial orientation allows MSMEs to identify emerging opportunities, develop innovative offerings, and respond proactively to shifting market demands, which is particularly important in periods of uncertainty and rapid change. The simultaneous effect of financial literacy, digital innovation, and entrepreneurial orientation further underscores the importance of an integrated approach to MSME development, as performance is

driven by the interaction of financial capability, technological adoption, and entrepreneurial behavior. These findings contribute to the literature by providing empirical evidence from Indonesia's post-pandemic context and offer practical implications for policymakers and business support institutions to design holistic programs that combine financial education, digital capacity building, and entrepreneurship development to strengthen MSME competitiveness and sustainability.

5. CONCLUSION

This study provides empirical evidence that financial literacy, digital innovation, and entrepreneurial orientation significantly enhance MSME performance in the post-pandemic era in Indonesia, where higher financial literacy enables MSMEs to manage resources effectively, make informed decisions, and maintain business stability amid ongoing uncertainty. Digital innovation emerges as the most influential factor, emphasizing the crucial role of digital technology adoption in improving operational efficiency, expanding market access, and responding to changes in consumer behavior, while entrepreneurial orientation also contributes positively by fostering innovative, proactive, and risk-taking behavior that supports business recovery and growth. Collectively, these findings indicate that MSME performance is driven by the interaction of financial capability, technological innovation, and entrepreneurial behavior, suggesting that policymakers and business development stakeholders should adopt a holistic approach by integrating financial literacy enhancement, digital transformation initiatives, and entrepreneurship development programs to strengthen MSME resilience, improve competitiveness, and support sustainable economic recovery in the post-pandemic era.

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