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The Influence of Innovation, Digital Literacy, and Entrepreneurial Literacy on Business Sustainability (Study on Food MSMEs in Sukabumi City)

Siti Nuraeni[1*], R. Deni Muhammad Danial[2], Tetty Sufianty Zafar[3]
[1] Program Studi Administrasi Bisnis, Universitas Muhammadiyah Sukabumi, Jawa Barat, Indonesia, sitinuraeni28@ummi.ac.id
[2] Program Studi Administrasi Bisnis Universitas Muhammadiyah Sukabumi, Jawa Barat, Indonesia, rdmdanial043@ummi.ac.id
[3] Program Studi Administrasi Bisnis Universitas Muhammadiyah Sukabumi, Jawa Barat, Indonesia, tetty@ummi.ac.id

[*]Corresponding Author: sitinuraeni28@ummi.ac.id[1]

Abstract: This study aims to analyze the influence of innovation, digital literacy, and entrepreneurial literacy on business sustainability in the food MSME sector in Sukabumi City. Business sustainability is an important issue in facing market dynamics and competitive challenges, especially for small and medium business actors. The method used in this study is a quantitative method, which produces findings through statistical and measurement procedures. The approach applied is descriptive and associative, with a survey research type. The sample of this study consisted of 100 food MSME actors in Sukabumi City who were selected using probability sampling techniques, namely simple random sampling. Data were collected through questionnaires and the data analysis techniques used in this study were classical assumption tests, multiple correlation coefficients, determination coefficients, multiple linear regressions, and simultaneous (F test) and partial (T test) hypothesis tests. The results of the study indicate that innovation, digital literacy, and entrepreneurial literacy have a positive and significant effect on business sustainability, this can be seen from the calculated t value> t table, where the innovation variable has a calculated t value of 2.908> t table 1.661 and a significance value of 0.005 <0.05. Digital literacy has a calculated t value of 3.146> t table 1.661 and a significance value of 0.002 <0.05. And entrepreneurial literacy has a calculated t value of 5.255> t table 1.661 and a significance value of 0.000 <0.05.

Keywords: Innovation, Digital Literacy, Entrepreneurial Literacy, Business Sustainability.

INTRODUCTION

MSMEs are one of the economic sectors that play an important role as a driver of the Indonesian economy. Data from the Ministry of Cooperatives and SMEs shows that this sector contributes more than 60% to the national Gross Domestic Product (GDP) and absorbs around 97% of the workforce. MSMEs play an important role in improving people's welfare by

creating jobs and strengthening the local economy. West Java, which is known as one of the provinces with the largest number of MSMEs, based on data from opendatajabar.co.id in West Java there are 6,257,390 MSMEs with various categories (Mulyono, 2023) MSMEs have a major contribution to the regional economy, one of which is growing rapidly in the food sector. This condition reflects the high interest of the community in running a business, especially in the food sector which is one of the leading sectors in the city (Aktaviana et al., 2023).Business sustainability itself is a major challenge for MSMEs, especially in the face of market uncertainty and increasingly fierce competition, many business actors face challenges in maintaining their business in the long term due to limited innovation, low utilization of digital technology, and lack of understanding of entrepreneurship (Anwar, et al., 2024). Innovation is the process of creating something new or developing something that already exists to create added value for the company and its customers (Marshanda, 2024). Innovation is an important factor in supporting business sustainability, where MSMEs that continue to experience development are marked by the increasing number of MSMEs that have emerged by offering innovative products (Sukriani, 2022). In addition to innovation, digital literacy is also a major challenge for MSMEs, digital literacy is an important skill for MSMEs to face modern competition (Saragih, et al., 2024).

Sukabumi City is a city of services and trade, so many people use this opportunity to become entrepreneurs, having great potential in the MSME sector. According to the Sukabumi City Cooperatives, MSMEs, Industry, and Trade Service (Diskumindag), the food sector is one of the focuses in economic development. Sukabumi City encourages initiatives such as culinary nights and MSME development programs to increase competitiveness. Based on data from the Sukabumi City Cooperatives, MSMEs, Industry, and Trade Service (Diskumindag) in 2023, there were 35,240 MSMEs from various sectors. Based on the results of the pre-survey, it was found that business sustainability is still a challenge. Only 47% of MSMEs experienced revenue growth in the past year, and 53% did not have a strategy to face business competition. Lack of innovation is one of the causes, where 66% of MSMEs do not routinely develop new products, and 60% still use less innovative marketing strategies. In addition, digital literacy is still low, although 67% of MSMEs have optimized social media and around 80% rarely update digital content, which affects business competitiveness. In terms of entrepreneurial literacy, 54% of MSMEs have never participated in business or entrepreneurship training and 53% of MSMEs do not understand financial reports, which can complicate business management. Based on the explanation and description, the author is interested in conducting research entitled "The Effect of Innovation, Digital Literacy, and Entrepreneurial Literacy on Business Sustainability (Study on Food MSMEs in Sukabumi City)".

METHOD

The method used in this study is a quantitative method, which produces findings through statistical procedures and measurements. The approach applied is descriptive and associative, with a survey research type. The sample in this study amounted to 100 food MSME actors who are actively operating in Sukabumi City who were used as respondents, who were selected using a probability sampling technique, namely simple random sampling, which was taken randomly without considering the population strata (Sujarweni, 2022: 107). The data collection instrument was carried out through a questionnaire containing statement items with assessment scores using a Likert scale. Before the analysis, the instrument was tested for validity and reliability. The data analysis technique used was multiple linear regression, with the help of SPSS software version 25. In addition, a classical assumption test was also carried out which included normality, multicollinearity, and heteroscedasticity tests to ensure the feasibility of the regression model. Furthermore, hypothesis testing was carried out through the f test to see the effect of independent variables simultaneously, and the t test to see the effect of each

variable partially. In addition, a multiple correlation coefficient test was also conducted to determine the strength of the relationship between variables, as well as a determination coefficient test (R^2) to determine the magnitude of the contribution of the independent variable to the dependent variable.

RESULTS AND DISCUSSION

Validity Test

Item	Df	R Hitung Total Correlation	Information
INOVASI (X1)			
X1.1	100	0,795	Valid
X1.2		0,671	Valid
X1.3		0,731	Valid
X1.4		0,759	Valid
X1.5		0,698	Valid
X1.6		0,730	Valid
LITERASI DIGITAL (X2)			
X2.1	100	0,642	Valid
X2.2		0,718	Valid
X2.3		0,713	Valid
X2.4		0,605	Valid
X2.5		0,775	Valid
X2.6		0,715	Valid
X2.7		0,746	Valid
X2.8		0,747	Valid
X2.9		0,711	Valid
X2.10		0,683	Valid
X2.11		0,712	Valid
LITERASI KEWIRAUSAHAAN (X3)			
X3.1	100	0,735	Valid
X3.2		0,757	Valid
X3.3		0,744	Valid
X3.4		0,785	Valid
X3.5		0,765	Valid
X3.6		0,746	Valid
X3.7		0,759	Valid
X3.8		0,736	Valid
X3.9		0,759	Valid
X3.10		0,791	Valid
KEBERLANJUTAN USAHA (Y)			
Y1	100	0,740	Valid
Y2		0,744	Valid
Y3		0,704	Valid
Y4		0,773	Valid
Y5		0,797	Valid
Y6		0,762	Valid
Y7		0,673	Valid
Y8		0,841	Valid
Y9		0,764	Valid
Y10		0,712	Valid
Y11		0,717	Valid

Source: SPSS Data Processing Results Version 25, 2025

The results of the validity test in the table above show the indicators of the questionnaire statements for each variable, namely the variables of innovation, digital literacy, entrepreneurial literacy and business sustainability in food MSMEs in Sukabumi City which were given to respondents have valid results because r count ≥ r table. With r table 0.195.

Reliability Test

No	Variabel	*Cronbach's Alpha*	N *Of* Item	Keterangan
1	Inovasi (X1)	0,824	6	Reliabel
2	Literasi Digital (X2)	0,899	11	Reliabel
3	Literasi Kewirausahaan (X3)	0,917	10	Reliabel
4	Keberlanjutan Usaha (Y)	0,921	11	Reliabel

Source: SPSS Data Processing Results Version 25, 2025

Based on the results of the reliability test in this study, the research instrument is said to be reliable if the Cronbach's Alpha value is more than 0.60. Thus, the Cronbach's Alpha value for each variable, namely innovation with a value of 0.824, digital literacy with a value of 0.899, entrepreneurial literacy with a value of 0.917 and business sustainability with a value of 0.921.

Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	5.51401255
Most Extreme Differences	Absolute	.079
	Positive	.079
	Negative	-.079
Test Statistic		.079
Asymp. Sig. (2-tailed)		.123[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Source: SPSS Data Processing Results Version 25, 2025

Based on the results of the normality test, the Asymp. Sig value is 0.123, where the sig value is greater than 0.05, it can be concluded that the residual data of the study is normally distributed.

Multicollinearity Test

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.367	3.701		.099	.921		
	Inovasi	.500	.172	.251	2.908	.005	.555	1.802
	Literasi Digital	.282	.090	.261	3.146	.002	.602	1.662
	Literasi Kewirausahaan	.482	.092	.416	5.255	.000	.657	1.522

a. Dependent Variable: Keberlanjutan Usaha

Source: SPSS Data Processing Results Version 25, 2025

Based on the results of the multicollinearity test above, it is known that all tolerance values obtained are more than 0.1 and the VIF value is less than 10, so it is concluded that there is no multicollinearity interference.

Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	7.572	2.560		2.958	.004
	Inovasi	-.126	.119	-.143	-1.055	.294
	Literasi Digital	-.005	.062	-.010	-.080	.937
	Literasi Kewirausahaan	-.010	.063	-.020	-.161	.873

a. Dependent Variable: ABS_RESIDUAL

Source: SPSS Data Processing Results Version 25, 2025

Based on the results of the heteroscedasticity test, the sig value for the innovation variable is 0.294, while the sig value for the digital literacy variable is 0.937 and the sig value for the entrepreneurial literacy variable is 0.873, where all sig values are greater than 0.05 (sig> 0.05), it can be concluded that in this study there were no symptoms of heteroscedasticity.

Multiple Correlation Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.777[a]	.604	.592	5.59951

a. Predictors: (Constant), Literasi Kewirausahaan, Literasi Digital, Inovasi

Source: SPSS Data Processing Results Version 25, 2025

The results of the analysis above obtained the multiple correlation coefficient value on the variables of innovation, digital literacy and entrepreneurial literacy with business sustainability of 0.777 and the results of the correlation calculation of 0.777 with an error rate of 5% or $\alpha = 0.05$ indicate that the value is in the strong category.

Coefficient of Determination Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.777[a]	.604	.592	5.59951

a. Predictors: (Constant), Literasi Kewirausahaan, Literasi Digital, Inovasi

Source: SPSS Data Processing Results Version 25, 2025

Based on the determination coefficient value or R-Square of 0.604, which means that the contribution of the variables of innovation, digital literacy and entrepreneurial literacy to

business sustainability is 60.4%. While the remaining 39.6% is influenced by other variables not examined in this study.

Multiple Linear Regression Test

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.367	3.701		.099	.921
	Inovasi	.500	.172	.251	2.908	.005
	Literasi Digital	.282	.090	.261	3.146	.002
	Literasi Kewirausahaan	.482	.092	.416	5.255	.000

a. Dependent Variable: Keberlanjutan Usaha

Source: SPSS Data Processing Results Version 25, 2025

Based on the results of the regression analysis, a constant value of 0.367 was obtained, which is a condition when the business sustainability variable has not been influenced by the innovation, digital literacy and entrepreneurial literacy variables. While the regression coefficient value for the innovation variable is 0.500, which means that every increase in one unit of innovation will increase business sustainability by 0.500, assuming other variables remain constant. Digital literacy has a coefficient of 0.282, which also shows a positive influence on business sustainability. Meanwhile, entrepreneurial literacy has a positive influence of 0.482 on business sustainability.

Simultaneous Significance Test (F Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4592.721	3	1530.907	48.826	.000[b]
	Residual	3010.029	96	31.354		
	Total	7602.750	99			

A. Dependent Variable: Keberlanjutan Usaha

B. Predictors: (Constant), Literasi Kewirausahaan, Literasi Digital, Inovasi

Source: SPSS Data Processing Results Version 25, 2025

The results of the F test show a significance value of 0.000 which is smaller than α = 0.05, and the calculated F value is 48.826. This shows that simultaneously the variables Innovation, Digital Literacy, and Entrepreneurial Literacy have a significant effect on Business Sustainability**.**

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.367	3.701		.099	.921
	Inovasi	.500	.172	.251	2.908	.005
	Literasi Digital	.282	.090	.261	3.146	.002
	Literasi Kewirausahaan	.482	.092	.416	5.255	.000

a. Dependent Variable: Keberlanjutan Usaha

Source: SPSS Data Processing Results Version 25, 2025

The t-test results show that all independent variables have a t-count greater than the t-table (1.661) and a significance value below 0.05. The Innovation variables (t-count = 2.908; sig = 0.005), Digital Literacy (t-count = 3.146; sig = 0.002), and Entrepreneurial Literacy (t-count = 5.255; sig = 0.000) have a positive and significant effect on Business Sustainability. Thus, the three variables are partially proven to influence the sustainability of food MSMEs in Sukabumi City

Partial Significance Test (T-Test) The Influence of Innovation on Business Sustainability

Based on the results of calculations using SPSS Version 25, it is known that the innovation variable has an effect on the business sustainability variable in Food MSMEs in Sukabumi City. . This can be seen from the regression coefficient value of 0.500 with a significance value of 0.005 <0.05. This shows that the higher the level of innovation carried out, the higher the business opportunities to survive and grow. Innovation helps MSMEs to meet the changing needs of consumers, increase competitiveness and create added value to the products offered.

The Influence of Digital Literacy on Business Sustainability

Based on the results of calculations using SPSS Version 25, it is known that the digital literacy variable has a positive effect on the business sustainability variable in Food MSMEs in Sukabumi City. This can be seen from the regression coefficient value of 0.282 with a significance value of 0.002 <0.05. This shows that the higher the level of digital literacy of MSME actors, the greater the opportunity for their business to survive and grow. Digital literacy makes it easier for MSMEs to expand their markets through social media, simplify payment transactions, increase promotional effectiveness, and speed up communication with customers. The Influence of Entrepreneurial Literacy on Business Sustainability

Based on the calculation results using SPSS Version 25, it is known that the entrepreneurial literacy variable has an effect on the business sustainability variable in Food MSMEs in Sukabumi City. This can be seen from the regression coefficient value of 0.482 with a significance value of 0.000 <0.05. That MSME actors who understand the principles of entrepreneurship, such as financial management, risk management, and business strategy development, are able to manage their businesses better. MSME actors are better prepared to face market challenges and make decisions that support sustainable business growth.

CONCLUSION

Based on the results of the study entitled "The Influence of Innovation, Digital Literacy, and Entrepreneurial Literacy on Business Sustainability (Study on Food MSMEs in Sukabumi City)", the following conclusions were obtained:

1. The level of innovation, digital literacy, and entrepreneurial literacy of food MSMEs in Sukabumi City is in the high category. This is indicated by the ability of business actors to develop products, utilize digital technology, and prepare business plans and strategies that support business sustainability.
2. Innovation has a positive and significant effect on business sustainability. The higher the level of innovation implemented by MSME actors, the greater the ability of the business to survive and grow.
3. Digital literacy has a positive and significant effect on business sustainability. The use of technology such as social media, e-commerce, and digital payment systems increases efficiency and expands the reach of the MSME market.
4. Entrepreneurial literacy also has a positive and significant effect on business sustainability. The ability of business actors to plan, manage risks, and make strategic decisions strengthens business resilience and growth in a sustainable manner.

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