

Analysis of financial literacy and its effect on the sustainability of MSME in covid-19 pandemic era (case study on MSME in Pesawaran district)

Rahma Diani Sormin¹, Yannisa Rahmawati².

¹ Entrepreneurship Study Program, Institute of Technology and Business Diniyyah Lampung, Indonesia.

E-Mail: rahmadianisormin@instidla.ac.id Phone: 082183603778.

² Entrepreneurship Study Program, Institute of Technology and Business Diniyyah Lampung, Indonesia.

E-Mail: yannisarahmawati@instidla.ac.id

Abstract

MSME has an important role in economic development and growth as well as reducing unemployment in Indonesia, therefore it is very important to save MSME from the impact of the current COVID-19 pandemic. According to the Head of the MSME and Cooperatives Office of Pesawaran District, he stated that the main problem for business principals is a decline of income, means that more than fifty percent and the stagnation of business activities carried out. The purpose of this study is to produce the ability of business principals Pesawaran District to manage finances in order to maintain their business during the current covid-19 pandemic. This study uses the theory of financial literacy which is based on five aspects, namely basic personal finance, savings and loans, insurance, investment and risk management. The survey results in this study found that MSME business principals in Pesawaran District had carried out well the established aspects of financial literacy, so the business principals in Pesawaran District were able to survive the COVID-19 pandemic and could be an example for other business principals.

Keywords: Financial Literacy, MSMEs, Covid-19 Pandemic, Pesawaran District.

1. Introduction

The intelligence of Medium, Small and Micro (MSME) business principals in managing business in the era of the covid-19 pandemic is currently being tested to maintain the business they run, because many business principals can't maintain their business and result in closing their businesses or going out of business. This statement is reinforced by data from the BPS survey results which stated that around 50 percent of MSME in Indonesia were forced to close their businesses due to the impact of the COVID-19 pandemic.

Pesawaran District is one of the regencies in Lampung Province which has 3,808 MSMEs spread over 11 sub-districts with various types of businesses and products produced (BPS Kab. Pesawaran, August 2020). The development of MSMEs in Pesawaran District in the last three years has increased significantly.

Table 1. Number of SMEs in Pesawaran District in 2017-2020

No.	Year	Number of SMEs
1	2017	1.181
2	2018	3.084
3	2019	3.230
4	2020	3.808

(Source: Data from the Department of Cooperatives and SMEs in Pesawaran District)

The increasing number of MSME business principals every year in Pesawaran District can help the development and growth of the regional economy and reduce unemployment in Pesawaran District. However, because of the situation and condition of the covid-19 pandemic, MSME business principals in Pesawaran District are facing various obstacles to maintain the continuity of the business that they are managing, such as declining turnover, limited capital and raw materials, hampered production processes, reduction of labor and others.

Based on data which was obtained from the Department of Cooperatives and SMEs in Pesawaran District, MSME business principals in Pesawaran District are able to survive without experiencing the bankruptcy "out of business" up to 80 percent of the number of MSME spread across eleven sub-districts of Pesawaran District. The large number of MSME in Pesawaran District that are able to survive during the current pandemic cannot be separated from the knowledge and intelligence of business business principals in managing finances or we called as business financial literacy.

Financial literacy during the COVID-19 pandemic for MSME business principals become the one of main focus in maintaining the continuity of the business that being run, rather it's small, medium or large businesses, as we know that financial literacy is an understanding of financial concepts and the ability to manage appropriate finances in making long-term decisions which is long and short term according to the economic situation at hand. A good understanding of financial management becomes the way out for MSME from the various problems that had been faced in the current Covid-19 pandemic era.

The purpose of this research is to produce the ability of MSME business principals in managing finances, managing risks so that they can minimize losses faced or optimize profits, saving and borrowing so that in maintaining and developing businesses during the current covid-19 pandemic era, MSME business principals are able to manage their business well so that it has an impact on development and economic growth as well as reducing unemployment in Indonesia. Viewed from the flagship research theme of the institution, this research is in accordance with the established leading theme.

2. Theoretical Reference

Financial literacy must be understood by everyone, both to be applied to their personal affairs and in managing a business, by understanding financial literacy not only helps in financial management but also can develop themselves and prosper in the future. Common knowledge about financial literacy has become a necessity in daily life so that it becomes a life skill that every individual needs to have in living life in the long term (Harpa

Analysis of financial literacy and its effect on the sustainability of MSME in covid-19 pandemic era (case study on MSME in Pesawaran district)

Sugiharti, 2019).

In various literatures, there are many definitions of financial literature. Regarding financial literacy, ASIC (2013: 6), says that financial literacy can help someone to make better financial decisions and get more profits. Another opinion, Anggraeni (2015), states that financial literacy is the basic thing that must be understood and mastered by every individual because it affects a person's financial condition and has an impact on making good and appropriate economic decisions.

The National Strategy is important to determine the long-term direction of the financial literacy campaign that is carried out by anticipating several environmental changes that occur both in terms of demographic changes, product innovation and so on (Nugraha, 2019). Vitt, et al in Margaretha and Pumbudhi (2015:78) define financial literacy as the ability to read, analyze, manage money, and communicate about the allocation of financial resources that affect the level of welfare and the right economic decision-making process. Meanwhile, another understanding of financial literacy is an understanding of financial concepts and the ability to properly manage finances in making long-term and short-term decisions in accordance with economic conditions (Hung, 2009).

The Financial Services Authority in 2013 stated that financial literacy is a series of processes or activities to improve the knowledge, skills, and beliefs of consumers and the wider community so that they have the ability to manage finances well. Financial literacy is expected by OJK to provide benefits to the wider community such as the ability to choose financial products and services according to their needs, the ability to make good financial plans, and avoid unclear investments.

Based on several definitions of financial literacy put forward by several experts, it can be concluded that financial literacy is a person's ability to understand, plan, manage finances in making decisions in the long and short term in accordance with the current economic situation and conditions, in order to improve current welfare. as well as in the future.

Chen and Volpe in Mendari and Kewal (2013) divide financial literacy into four aspects which include:

- a. General Personal Finance, namely the ability to understand something related to basic knowledge of personal finance.
- b. Saving and borrowing, namely the ability to understand matters relating to savings and loans.
- c. Insurance, individual understanding of basic insurance knowledge and insurance products such as education insurance and life insurance.
- d. Investment, namely the basic ability to understand something related to interest rates, investment risk, capital markets, mutual funds, and deposits.

Meanwhile, according to Nababan and Sadalia (2013) explained that in financial literacy there are several aspects which include:

- a. Basic Personal Finance, which is about the basic knowledge possessed by individuals in understanding the financial system such as inflation, interest rates, asset liquidity, credit and so on.
- b. Cash Management (money management), namely the ability of a person to manage their finances properly and appropriately.

Analysis of financial literacy and its effect on the sustainability of MSME in covid-19 pandemic era (case study on MSME in Pesawaran district)

- c. Credit and Dept. Management Credit management (credit management) is a process of activities that are correlated with each other systematically in the collection and presentation of credit information of a bank. While dept management (debt management) is the process of paying debts by involving third parties to help borrow debts.
- d. Saving (Savings), which is part of a person's income that is not used for consumption, but is allocated as savings.
- e. Investment (Investment), which is related to one's knowledge about investment. Access to finance allows MSME business principals to develop an economic system and apply productive investments in developing business processes, as well as obtain new technologies that can encourage business competitiveness and increase innovation (Dewi Widyaningsih, 2021)
- f. Risk management is the implementation of management functions in dealing with risk mitigation, especially the risks faced by companies, families and communities.

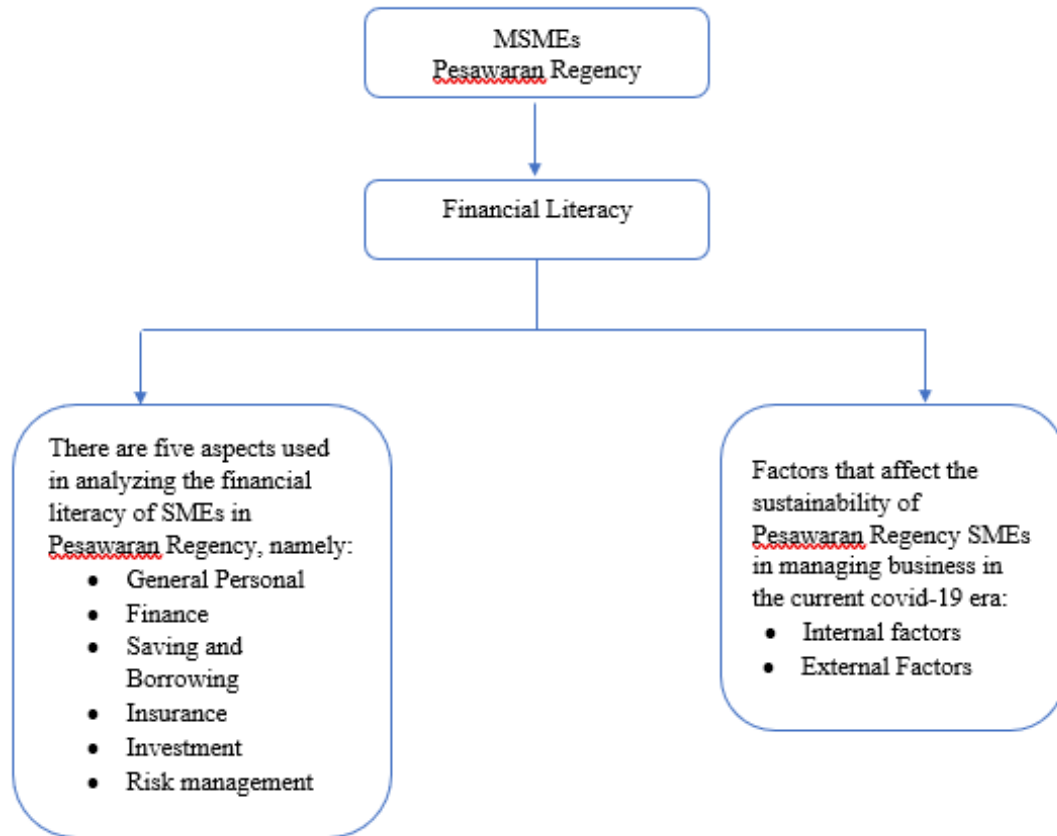
The researcher analyzed the financial literacy applied by MSMEs in Pesawaran District. This offer uses a combination of theories between Chen and Volpe (2014) and Nababan and Sadalia (2012), which is divided into five aspects, namely: General Personal Finance, Saving and Borrowing, Insurance, Investment, Risk management.

According to '*Undang-undang No. 20 Th 2008*', concerning Micro, Small and Medium Enterprises, it is defined that micro-enterprises are productive businesses that owned by individuals or individual business entities that own the criteria for micro-enterprises. Small business is an independent productive business, which is carried out by individuals or business entities that are not subsidiaries of companies that are owned, controlled, or become part either directly or indirectly of a medium or large business that own the criteria of a small business. Medium-sized business is an independent productive economic business, which is carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part either directly or indirectly with small businesses or large businesses with total net assets or annual sales results.

The function and role of Small and Medium Enterprises are very large in the economic activities of the community. The functions and roles include:

- a. Provision of goods and services
- b. Employment
- c. Income distribution
- d. As an added value for regional products
- e. Improving people's standard of living.

Analysis of financial literacy and its effect on the sustainability of MSME in covid-19 pandemic era (case study on MSME in Pesawaran district)



(Image: Research Framework)

3. Methodology

The research method used in this research is descriptive research type with descriptive qualitative approach. Meanwhile, Moleong (2007:6) defines qualitative research as research to understand the phenomena of what is experienced by research subjects such as behavior, perception, motivation, action, etc. holistically and by way of description in the form of words. and language in a special context that is natural and by utilizing various natural methods.

This research will be carried out for one year, starting from the initial stage of making a proposal to publishing a research journal. The focus of this research is to analyze the financial literacy of MSMEs in Pesawaran district by combining the theory between Chen and Volpe (2014) and Nababan and Sadalia (2012), which is divided into five aspects, namely: General Personal Finance, Saving and Borrowing, Insurance, Investment, Risk management.

The location taken in this study was chosen intentionally, namely in Pesawaran District and the target for the informants were MSME business principals spread across eleven sub-districts, each 5 MSME business principals from various types of businesses, such as culinary, fashion, creative economy, agribusiness, tour and travel.

The research informants used were purposive sampling, which is a method of determining the informants needed in this study by selecting resource persons who are MSME business principals and stay in Pesawaran District. According to Faisal in Sugiyono (2014:221), the determination of samples or informants in qualitative

Analysis of financial literacy and its effect on the sustainability of MSME in covid-19 pandemic era (case study on MSME in Pesawaran district)

research serves to obtain maximum information, therefore people who are used as samples or informants should own the following criteria:

- a. Those who are directly involved in the MSME Business principals
- b. They have enough time to be interviewed.
- c. They are willing to convey the actual situation and do not tend to come from their own ideas.

The types of data collected through this research include primary data and secondary data. According to Tresiana (2013: 86), primary data is data obtained directly from informants or research objects. Primary data is needed as data to obtain accurate information. The primary data in this study were obtained from the research field, both obtained from direct observation and interviews with informants, while, secondary data is a data source that does not directly provide data to researchers or for example through other people or through documents. This secondary data is used as a support to find the actual facts.

Data collection techniques used in this study are:

- a. Interview

Data collection techniques through interviews can be done with structured interviews, namely data collection by using questionnaires and interviews, namely data collection by conducting in-depth interviews with key informants.

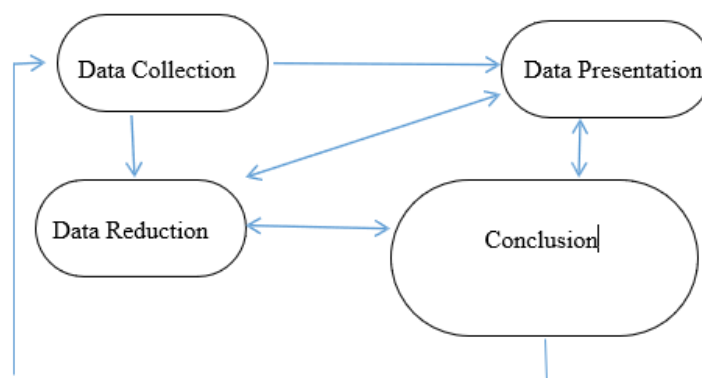
- b. Observation

Collecting data by observing directly the object of research which is carried out.

- c. Documentation

Data collected from documentation is data that supports secondary data by collecting data sourced from written data, archives and images related to research.

The data analysis used in this study is a qualitative analysis technique, namely analyzing data by explaining in the form of logical sentences. Data analysis in this study uses data analysis version of Miles and Huberman.



(Image: Miles and Huberman interactive model data analysis).

4. Results and Discussion

The results of the research will be presented based on the findings that the researchers carried out in the field during the research and a discussion of the research results regarding the analysis of financial literacy and its

Analysis of financial literacy and its effect on the sustainability of MSME in covid-19 pandemic era (case study on MSME in Pesawaran district)

effect on the sustainability of MSMEs in the COVID-19 pandemic era (a case study on MSMEs in Pesawaran District) will be carried out. So simply the results and discussion in this research report will be presented in sequence.

4.1. Analysis of Financial Literacy and Its Influence on the Sustainability of MSMEs in the Era of the Covid-19 Pandemic (Case Study on MSMEs in Pesawaran District)

Financial literacy carried out by MSMEs in running a business is very useful for maintaining business continuity, especially during the current COVID-19 pandemic. Data financial literacy is defined as the ability to read, analyze, manage money, and communicate about the allocation of financial resources that affect the level of welfare and the right economic decision-making process. This study focuses on the analysis of financial literacy and its influence on the sustainability of MSMEs in the covid-19 pandemic era (a case study on MSMEs in Pesawaran District) by combining of theories between Chen and Volpe (2014) and Nababan and Sadalia (2012), which are five aspects as follows: the indicators are General Personal Finance, Saving and borrowing, Insurance, Investment, and Risk management.

a. General Personal Finance

General personal finance is the ability to understand about the basic knowledge of business/personal financial management (Chen and Volpe, 2014). The MSME business principals in Pesawaran District who run their businesses during the COVID-19 pandemic are quite capable of managing their business finances. MSME business principals have their own way for managing finances, include by making cost savings, reducing production to reducing employees in order to reduce costs incurred for production activities during the COVID-19 pandemic, there are also MSME business principals who choose to maximize technology such as social media and also a marketplace to reach consumers and at the same time save on advertising costs for their business products.

The results of the research obtained in the field on five MSME business principals spread across Pesawaran District with the types of MSMEs in the fields of culinary, fashion, agribusiness, tour and travel, and creative products can be concluded that financial literacy in the aspect of general personal finance is quite good. This can be seen from the way the business principals cut costs that they feel can be done but do not interfere with sales activities during the COVID-19 pandemic. MSME business principals reduce costs that can be diverted to other alternatives such as reducing the amount of production and reducing the number of employees or workers.

It is undeniable for maintaining a business during the COVID-19 pandemic, a business principals must be good at managing finances because the continuity of a business that is processed by a person can be seen from his ability to manage his finances. Based on the findings of researchers in the field, almost fifty to seventy percent of MSME business principals in Pesawaran District reduced the number of goods produced during the COVID-19 pandemic, and there were even some MSME business principals who did not carry out production activities because their products were not sold. Problems in the production process have resulted in a reduction in the number of employees working, therefore many layoffs during the pandemic.

Analysis of financial literacy and its effect on the sustainability of MSME in covid-19 pandemic era (case study on MSME in Pesawaran district)

Instead of that, during the COVID-19 pandemic, small and medium enterprises (SMEs) were also used to carry out sales activities on social media. In addition to manage business finances, selling through social media can also save on space rental costs, employees, promotional media, and can also reach consumers further afield. The implementation of the PPKM policy during the covid-19 pandemic is one of the business principals that makes it difficult for business business principals to get consumers, therefore MSME business principals in Pesawaran District do not stop, they continue to innovate, their products are sold and can survive during this covid-19 pandemic by maximizing sales through online media.

However, viewed from the management of financial reports or bookkeeping, the MSME business principals in Pesawaran District have not been maximal in doing so, besides the reasons for not understanding related to bookkeeping, they also do not have qualified human resources. This implies that MSME business principals in Pesawaran district do not yet have sufficient knowledge for financial reports, where financial reports are also useful as an evaluation material for the results of operational activities, financial reports can also be used as a basis in determining the cost of products so that the selling price set is not too high or too low.

Based on the data obtained and linked to the theory of general personal finance, it can be concluded that the MSME business principals in Pesawaran District already have the ability related to general personal finance, namely they are able to manage their own business finances, even though in the Covid-19 pandemic, which was almost two years. MSME business principals in Pesawaran District can maintain the business they have built inseparable with knowledge in financial management by compiling a priority list of purchasing materials related to production activities, carrying out cost management by reducing costs that are less needed or can be replaced by another alternative, promotion through social media.

b. Saving and Borrowing

Saving and borrowing is the ability to understand things related to savings and loans (Chen and Volpe, 2014). The majority of MSME business principals have sufficient understanding regarding saving or savings and borrowing or loans. This is supported by the results of research conducted by MSME business principals scattered in Pesawaran District according to the characteristics of informants who have been determined by researchers, namely MSME business principals in Pesawaran District already understand the meaning of saving or savings, but during the COVID-19 pandemic, hit Indonesia in a period of two years, greatly impacting the sustainability of the businesses they run and consequently decreasing income. Therefore, during the covid-19 pandemic, MSME business principals in Pesawaran District were unable to save from the results of their business activities because to keep their business operating and not going out of business, they had to do good financial management. Prior to the COVID-19 pandemic, MSME business principals in Pesawaran District were still able to save from the results of their business activities, not even only saving, they could invest, but in the current situation and conditions, most MSME business principals in Pesawaran District use previous annual results to maintain and generate income. their current business.

Many MSME business principals in Pesawaran District have complained about the results of their business income declining to fifty or even seventy percent from before the COVID-19 pandemic. The profits obtained during the COVID-19 pandemic are not able to meet the needs of daily life, let alone to save. However, most

Analysis of financial literacy and its effect on the sustainability of MSME in covid-19 pandemic era (case study on MSME in Pesawaran district)

MSME business principals in Pesawaran District do not only have one income which in fact they have jobs as employees or side businesses that can meet their daily needs. Therefore, it is only natural that MSME businesses in Pesawaran District can survive the Covid-19 pandemic which has almost lasted for two years. Not only saving, MSME business principals scattered in Pesawaran District are also aware of borrowing or loans, which based on data obtained in the field, MSME business principals understand the meaning of loans. The majority of MSME business principals in Pesawaran District do not make loans or credit for additional capital, especially during the current covid-19 pandemic. some of the MSME business principals argue that credit is focused on an additional burden, namely debt, during this covid pandemic, we as much as possible do not borrow or apply for credit because we do not know what kind of business will be run, if we apply for a loan in the midst of a covid pandemic like this even though, there are many offer low interest rates, but MSME business principals do not feel they need it, therefore for capital as much as possible to make a turnover of the results of the business carried out.

c. Insurance

Insurance is individual knowledge related to basic knowledge of insurance and insurance products. There are many MSME business principals in Pesawaran District, have'nt understand yet the meaning and use of insurance, so that MSME business principals in Pesawaran District do not have insurance, either business, life, education and other insurance. This statement is supported by data obtained by researchers in the field on MSME business principals in Pesawaran District, where MSME business principals in Pesawaran District do not yet have sufficient understanding of what insurance is and also the benefits of insurance.

There are actually many insurance products that can cover the business activities of MSME business principals in Pesawaran District if unexpected things happen at any time. However, because the services that offer insurance have never reached MSME business principals in Pesawaran District, so many MSME business principals in Pesawaran District admit that they do not understand how the insurance mechanism is and the benefits obtained, so they do not have insurance products that offer insurance. related to his business.

If it is related to the current COVID-19 pandemic, insurance actually does not help in maintaining a business so that it can continue to keep operating, because we know that insurance is an agreement made by two parties with a mechanism whereby the first party or the policyholder is obliged to pay dues/contributions/premiums to insurance service providers. From the definition of insurance, during the current pandemic, it can be concluded that having insurance followed by MSMEs in Pesawaran District can make it difficult for them to pay monthly contributions. Let alone paying dues, meeting the needs of daily life is not enough from the benefits obtained during the current covid-19 pandemic. So it can be concluded, the insurance aspect in the analysis of financial literacy for MSME business principals in Pesawaran District is currently not well understood.

d. Investment

Investing in financial literacy is related to one's knowledge of investment. Currently, knowledge about investment is very important, because with good knowledge of investment, people are open to investing

Analysis of financial literacy and its effect on the sustainability of MSME in covid-19 pandemic era (case study on MSME in Pesawaran district)

properly and correctly in order to get the expected profit or profit in the future. Viewed from the perspective of finance, it allows MSME business principals to develop an economic system and apply productive investments in developing business processes, as well as obtain new technologies that can encourage business competitiveness and increase innovation (Dewi Widyaningsih, 2021). Currently, MSME business principals in Pesawaran District already have a good understanding of investment, both direct and indirect investments to help run their businesses.

When the covid-19 pandemic occurred for approximately two years, MSME business principals in Pesawaran District did not deny that investment had an important role in boosting the economy, because almost seventy-five percent of MSME business principals in Pesawaran District interviewed had plantation and or rice fields investments, which makes a profit every month. Therefore, it is natural that MSME business principals in Pesawaran District are able to maintain the business they have even though the profits obtained from the business they run cannot cover the production costs of the business.

Investments owned by MSME business principals in Pesawaran District cannot be separated from the results of the profits that are obtained from the current business, therefore it is natural that in the conditions of the covid-19 pandemic which has lasted for more or less two years and makes the business that is run it takes time. injection of funds in order to maintain continuity in order to keep operating. This is the same conclusion with the economic theory of investment where a person collects goods or assets that are not used for direct consumption but are used in the future or in other words when they are needed.

So based on the data obtained by researchers and associated with investment theory, it can be concluded that the investment aspect in Pesawaran District SMEs has been well understood and implemented and investment has become one of the defenses in overcoming business problems during the current covid-19 pandemic. Then in the post-pandemic period, every business will definitely need additional capital to revive its business and start production activities again, now MSME business principals in Pesawaran District take advantage of the investments they have to restore the business life they have run. Not only that, with the benefits of this investment, MSME business principals in Pesawaran District can meet their daily needs and unexpected needs during the COVID-19 pandemic for almost two years running.

e. Risk Management

Risk management is the implementation of management functions in dealing with risk mitigation. During the COVID-19 pandemic, MSME business business principals throughout Indonesia felt a tremendous impact and the results of data obtained from the BPS survey stated that around 50 percent of MSMEs in Indonesia were forced to close their businesses due to the impact of the COVID-19 pandemic. However, about eighty percent of MSMEs spread across Pesawaran District are able to survive without closing their businesses. This is inseparable from knowledge in responding to and dealing with unexpected problems, even though the beginning of the COVID-19 pandemic created a sense of doubt in every MSME actor to achieve the goals that have been set in their business.

Risk management is a structured activity to direct and control a business that is carried out in dealing with the risks being faced. Based on the results of data obtained in the field, MSME business principals in Pesawaran

Analysis of financial literacy and its effect on the sustainability of MSME in covid-19 pandemic era (case study on MSME in Pesawaran district)

District already know and apply risk management well in overcoming the situation and conditions when the COVID-19 pandemic hit. One of the actions taken by MSME business principals in Pesawaran District is to minimize the activities of producing goods or stocking goods in their business. Reducing the production and stocking activities of goods is the most urgent thing for MSMEs in Pesawaran District because if the goods are not sold then they will eat up their business capital or it can be said to be a loss and result in a decrease in capital and if this problem continues it will have an impact on financial problems. effort.

Furthermore, not only regulating the reduction in the number of product production, MSME business principals in Pesawaran District also carry out marketing strategies that are able to overcome the problems that are being carried out, namely through online media applications such as Shopee, Tokopedia, Instagram and others. This marketing strategy is what makes a business able to survive through the situations and conditions that are being experienced, even though we know that purchasing power during the pandemic is very minimal, especially for goods that are not directly needed, but as an MSME actor in Pesawaran District, we do not run out of ideas. to maintain and run its business so that it continues to run and achieve the goals that have been set in its business. In addition to dealing with the risk of marketing strategies through online media during the COVID-19 pandemic, the MSME business principals in Pesawaran District can make it easier for consumers who want to shop without having to go out.

4.2. Fbusiness principals Affecting the Sustainability of MSMEs in Pesawaran District in Managing Business in the Era of the Covid-19 Pandemic

Managing a business during the COVID-19 pandemic which has hit almost two years has become a frightening specter for MSME business principals, especially MSMEs in Pesawaran District. However, MSME business principals in Pesawaran District are able to maintain the continuity of the businesses they have fostered during the COVID-19 pandemic. There are several fbusiness principals that influence it, namely:

a. Internal fbusiness principals

The internal factor that is able to become the continuity of the business being carried out in the current situation and condition of Covid-19 pandemic is human resources. Human resources are very important and the most important thing in running an organization. To achieve organizational goals properly, human resources are needed to fulfil the requirements and criteria of the organization. The organizational criteria are expected to form productive human resources that are useful for achieving organizational goals (Sofyandi in Agiyani, 2010:35).

Based on the results of research in the field, it is stated that MSME business principals in Pesawaran District are able to survive in managing their business during the COVID-19 pandemic. Knowledge and skills about the business that will be run, starting from planning to evaluate a business, must be owned by a business principals, because it can determine the sustainability of business continuity. Many obstacles or problems will arise, which unexpected in the middle of business journey, now this is where an owner is tested for his skills in overcoming the problems that arise.

The COVID-19 pandemic has become one of the unexpected problems that caused many impacts for MSME

Analysis of financial literacy and its effect on the sustainability of MSME in covid-19 pandemic era (case study on MSME in Pesawaran district)

business business principals in Pesawaran District, but they are able to overcome it because they continue to learn to develop the abilities and skills they already have. A person's knowledge and expertise can increase if they have gone through many problems that are indirectly indoctrinated in their minds. Economics is a science that continues to develop in accordance with the times, so if an entrepreneur does not keep up with the times, it will be hard for them to survive. For an example of MSME business principals in Pesawaran District who sold their product just by offline shop, now, in this era with different lifestyle, they must use social media as well so that their business continues and their products are widely known by the public.

Therefore, the internal business principals of MSME business principals in Pesawaran District cannot be separated from the resources that have the ability and skill in doing business. The capabilities and skills here are very broad in scope, not apart from managing all kinds of resources, ethics, communication and negotiation in business.

b. External Factor

Technological in this era have a major influence on the life of every human being, because if they cannot keep up with the changes in technological progress, humans will be left behind in keeping up with the times. The development of such an amazing world of science and technology has indeed brought tremendous benefits to the progress of human civilization. Types of work that previously required considerable physical ability, are now relatively able to be replaced by automatic machines. Likewise, the discovery of new formulations of computer capacity, seems to have been able to shift the position of the human brain's ability in various fields of science and human activities. In summary, current technological have really been recognized and felt to provide a lot of convenience and comfort for mankind (Dwiningrum, 2012:171).

Every change has its positive and negative effects, as well as the current technological advances, especially for SMEs. MSME business principals in Pesawaran District during the covid-19 pandemic, really take advantage of new technological to help defend the sustainability of the business that is being run, because we know, with the increasingly rapid development of technology, these MSME business principals can expand marketing through social media, before the COVID-19 pandemic hit, these MSME business principals in Pesawaran District admitted that they were not yet interested in selling through social media, they still used the traditional method of opening in stores by waiting for customers to come. However, the situation and conditions during the COVID-19 pandemic have forced these MSME business principals to rack their brains so that their business does not close, therefore inevitably they also use technological advances to become one of the weapons to stay afloat. MSME business principals also stated that they regret not following technological developments from before, but everything had happened, the most important thing now is that they have opened their minds to technological developments, especially for the continuity of their business.

5. Conclusion and Recommendation

The conclusion in this study is that MSME business principals in Pesawaran District have carried out well the financial literacy aspect, so that MSME business principals in Pesawaran District are able to survive during the COVID-19 pandemic. In theory, general personal finance for MSME business principals in Pesawaran

Analysis of financial literacy and its effect on the sustainability of MSME in covid-19 pandemic era (case study on MSME in Pesawaran district)

District can manage their own business finances, and can maintain their business with financial management knowledge. In terms of saving & borrowing, MSME business principals understand enough but have not been able to carry out both during the current covid-19 pandemic because their understanding is more concerned with the sustainability of their business with the capital turnover they already had. Insurance is considered not to help in maintaining the business, because there are costs that must be paid every month by the policy holder every month so that it can burden MSME business principals in Pesawaran District. Based on the investment aspect of MSME business principals in Pesawaran District, it has been well understood and implemented and investment has become one of the defenses in overcoming business problems during the current COVID-19 pandemic. Risk management is an important factor in business continuity, where MSME business principals must be sensitive to productivity and consumer demand so that MSME business principals do not experience losses that have an impact for business financial problems.

Recommendations for MSME business principals in Pesawaran District is do not to stop exploring their potential to run their own business, because the ability and skills in doing business must be owned by every MSME business principals. The ability to manage finances, find out the business opportunities, manage human resources, ethics, communication and negotiation in business, ability in digital technology is very much needed for business continuity. Therefore, MSME business principals are asked to update their knowledge/financial literacy by attending seminars both locally and nationally, reading journals or news about economic developments so that they are expected to add insight and knowledge which is can be applied in their respective businesses. This research can be a reference for conducting further research related to the sustainability of MSMEs during the COVID-19 pandemic by using other financial literacy studies.

6. References

1. Agiyani, Megi. 2010. *Pengaruh Dinas Sumber Daya Manusia Dinas Peternakan Provinsi Jawa Barat Terhadap Penerapan E-Goverment dalam Situs www.disnak.jabarprov.go.id*. Theses. Bandung: Universitas Komputer Indonesia.
2. Anggraeni, D & Nasution, S. H. 2015. *Peranan Kredit Usaha Rakyat Bagi Pengembangan UMKM di Kota Medan (Studi Kasus Bank BRI)*. *Jurnal Ekonomi dan Keuangan*, Vol. 1, No. 3
3. Aribawa, Dwitya. 2016. *Pengaruh Literasi Keuangan terhadap Kinerja dan Keberlangsungan UMKM di Jawa Tengah*. *Jurnal Siasat Bisnis* Vol. 20 No.1, 1-13.
4. Dewi Widyaningsih, E. S. (2021). *The Role of Financial Literature Through Digital Financial Innovation on Financial Inclusion (Case Study of MSMES in Salatiga City)*. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 1301-1312.
5. Dwiningrum, S.I.A. (2012). *Ilmu Sosial & Budaya Dasar*. Yogyakarta: UNY Press
6. Harpa Sugiharti, K. A. (2019). *Pengaruh Literasi Keuangan Terhadap Perilaku Pengelolaan Keuangan Mahasiswa*. *Journal of Accounting and Finance*, 804-818.
7. Hung, A. a, Parker, A.M., Yoong, J.K., dan Young, J. (2009). *Defining and Measuring Financial Literacy*. *RAND Corporation Publications Department*. <http://doi.org/10.2139/ssrn.1498674>
8. Margaretha, Farah dan Pumbudhi, Reza Arief. 2015. *Tingkat Literasi Keuangan Pada Mahasiswa S-1*

Analysis of financial literacy and its effect on the sustainability of MSME in covid-19 pandemic era (case study on MSME in Pesawaran district)

Fakultas Ekonomi. "Jurnal Manajemen dan Kewirausahaan", Vol. 17 No.1, 2015

9. Mendari, AS dan Kewal, SS. 2013. *Tingkat Literasi Keuangan di Kalangan Mahasiswa STIE MUSI. Jurnal Economia. Vol. 9 No. 2. Hal 130-140.*
10. Moleong, Lexy J. 2007. *Metode Penelitian Kualitatif*. Bandung: PT Remaja Posdakarya.
11. Nababan, D., dan Sadalia, I. 2013. *Analisis Personal Financial Literacy dan Financial Behavior Mahasiswa Strata I Fakultas Ekonomi Universitas Sumatera Utara. Jurnal Media Informasi Manajemen, Voll. 1, No.1*
12. Nugraha, U. (2019). Strategy to Accelerate Financial Literacy Rate in Indonesia: Best Practices from Selected Countries. *Jurnal Perencanaan Pembangunan the Indonesian Journal of Development Planning, 79-85.*
13. Otoritas Jasa Keuangan. 2013. *OJK Perkuat Upaya Inklusi dan Perluasan Akses Keuangan Melalui Literasi Keuangan*. Majalah OJK Edisi November. (Retrieved from: <http://sikapiuangmu.ojk.go.id/public/content/files/Majalah-OJK2.pdf>).
14. Otoritas Jasa Keuangan. 2017. *Strategi Nasional Literasi Keuangan Indonesia (SNLKI)*. Jakarta: OJK
15. Sugiyono, 2014. *Metode Penelitian Kuantitatif Kualitatif dan R&D*. Bandung: Alfabeta.
16. Tresiana, Novita. 2013. *Metode Penelitian Kualitatif*. Bandar Lampung: Universitas Lampung
17. Undang-Undang Republik Indonesia Nomor 20 Tahun 2008 Tentang Usaha Mikro Kecil dan Menengah.