

THE IMPACT OF DIGITAL TECHNOLOGY LITERACY AND LIFE SKILLS ON POVERTY REDUCTION

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ABSTRACT

KEYWORDS

Digital technology,
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Various national and regional level reports project that Indonesia's economic growth will be driven by the development of digital technology. Das et al. (2016) predicts that, by 2025, digitalization will have an impact of 150 billion US dollars (US) and additional jobs for 3.7 million people. This potential can be seen from, among other things, the number of start-up technology companies (or commonly referred to as startups) which is growing significantly. Das et al. (2018) also projects that the potential for electronic commerce (e-commerce) in Indonesia in 2022 will reach 55 billion to 65 billion dollars. The impact will be felt on the absorption of labor, including female workers. This calculation gives great hope for Indonesia to accelerate its economic growth. However, to what extent can growth driven by the development of the digital economy guarantee an increase in the quality of life for all levels of society? Can the digital economy in the future reduce inequality which is currently quite high? Furthermore, the Life Skills program is intended to improve the Life Skills ability which is specifically organized to provide learning opportunities for young people of productive age in order to acquire knowledge, skills and develop an entrepreneurial spirit which is supported by a creative, innovative, professional, responsible mental attitude, and dares to take risks. in managing their potential and their environment as a provision to improve their quality of life. The purpose of this study is to analyze the role of digital literacy in economic technology and the role of life skills programs in reducing poverty.

INTRODUCTION

The rapid development of digital technology around the world has brought many countries, including Indonesia, to the Industrial Revolution Era (Revin) 4.0. The transformation towards this era is increasingly being felt in various aspects of human life, especially in the business sector (Ardi et al., 2017). The development of the digital economy allows the emergence of new business models that can improve customer experience because their activities are more efficient and responsive to market needs.

(Salman et al., 2019) stated that Indonesia has enormous economic growth potential from the development of digital technology. Digitalization is predicted to have an impact of US\$150 billion by 2025 and additional jobs for 3.7 million people. This potential can be seen from, among other things, the number of start-up technology companies (or so-called startups) which is growing significantly. Indonesian startups grew from 1,400 companies in 2017 to 2,200 companies in 2019. This figure places Indonesia in second place in Asia and fifth in the world after the US, India, UK and Canada, as reported by the Startup Ranking (2020) website. (Das et al., 2018) also projects that the potential for electronic commerce (e-commerce) in Indonesia will reach 55 billion to 65 billion dollars by 2022. The impact will be felt on the absorption of labor, including women.

In recent years there have been many studies around the world that show financial literacy plays an important role in reducing poverty, reducing income inequality and increasing economic growth (Purnama & Mitomo, 2018). However, this is not the case in Indonesia, most of the people still have low incomes with low levels of education and live in remote areas that are still not affordable by financial institutions. Mastery of the seven basic literacys agreed by the World Economic Forum in 2015 is very important not only for students, but also for parents

and all members of the community. The seven basic literacys include literacy, numeracy, scientific literacy, basic literacy, digital literacy, financial literacy, and cultural and civic literacy (Cheng et al., 2021).

The National Financial Literacy and Inclusion Survey (SNLIK) conducted by the Financial Services Authority (OJK) shows that the Indonesian financial literacy index in 2016 increased from 21.84% in 2013 to 29.66% which means that out of every 100 Indonesians only around 30 people who belong to the well literate category. This shows that there was an increase in financial understanding (well literate) in 2016. In 2016, only thirteen provinces out of a total of thirty-four provinces had financial literacy levels above the national average (Erdoğan et al., 2020).

Many poverty reduction policies have been pursued by the government, including poverty reduction by using Appropriate Technology (TTG). Article 1 of Law No. 13 of 2011 concerning Poverty Reduction states that the handling of the poor is carried out by the government, local governments and or the community in the form of program policies and empowerment activities, assistance and facilities to meet the basic needs of every citizen. From these two provisions there are several things that should be interpreted, namely; poverty reduction can be done by using appropriate technology, the role of local government is a necessity (Sunderlin, 2006), community participation is an important factor for the success of poverty reduction by using TTG (Sunderlin & Huynh, 2005), and To support the success of poverty reduction with TTG, it is necessary to provide ongoing assistance (Law No. 18 of 2008 concerning Environmental Management). Appropriate technology, can be done using economic digital literacy (Sapuan & Roly, 2021).

Furthermore, poverty reduction can be pursued through life skills behavior. The development of life skills prioritizes the following aspects: (1) relevant abilities to be mastered by students, (2) learning materials according to the level of development of students, (3) learning activities and student activities to achieve competence, (4) facilities, adequate learning tools and resources, and (5) abilities that can be applied in the lives of students (Deng & Zou, 2022).

In general, life skills education aims to function education in accordance with its nature, namely developing the potential of students in dealing with their roles in the future. WHO (1997) defines life skills as skills or abilities to be able to adapt and behave positively, which allows a person to be able to deal with various demands and challenges in life more effectively. Based on the above understanding, it can be interpreted that life skills education are skills that can practically equip students in overcoming various kinds of life and life problems.

(Soeharto et al., 2019) details the differences between digitization and digitization again. According to Chapo-Wade, digitization refers to the internal optimization of work processes (for example, work automation and minimization of paper usage) which results in reduced costs. Meanwhile, digitization is a strategy or process that does not only focus on the use of technology, but goes deeper, namely a complete change of a business model. If we look back, digitization is impossible without digitization. Furthermore, digitization paved the way to digital business and digital transformation (Iriyati, 2020). Adopting digital services, such as artificial intelligence, cloud computing, and analytics, is a business optimization. However, it is not necessarily a digital transformation if it is not pursuing new revenue streams or developing new products and business models (Lucas, 2012).

The term Life Skills is defined as the skills that a person has to be willing and brave to face the problems of life and livelihood naturally without feeling pressured, then proactively and creatively seek and find solutions so that they are finally able to overcome them (Maryudi & Krott, 2012).

The indicators contained in these life skills are conceptually grouped: (1) Self-awareness skills or often also called personal skills (2) Rational thinking skills (thinking skills) or academic skills (academic skills) (3) Social skills (social skills) (4) Vocational skills (vocational skills) are often also referred to as vocational skills, meaning skills that are associated with certain fields of work and are specific (specific skills) or technical skills (technical skills).

According to Jecques Delor said that basically this life skills program adheres to four pillars of learning, namely as follows:

- a. Learning to know (learn to acquire knowledge)
- b. Learning to do (learn to be able to do / work)
- c. Learning to be (learn to be a useful person)
- d. Learning to live together (learn to be able to live together with others)

Life Skills Education is broader than just work skills, let alone just manual skills. Life skills education is an educational concept that aims to prepare learning citizens to have the courage and willingness to face life's problems naturally without feeling pressured and then creatively find solutions and be able to overcome them. The development of life skills programs is generally based on the study of the following areas: (a) The World of Work, (b) Practical Living Skills, (c) Personal Growth and Management, and (d) Social Skills. Employability skills refer to a set (a series) of skills that support a person to perform his job successfully. Based on the above background, the purpose of this paper is to see the effect of digital literacy and life skills indicators on poverty levels. To answer the research objectives above, three digital literacy indicators and three life skills indicators are used. And for poverty used indicators of income and sales of SMEs.

The results of this study are expected to provide benefits both theoretically and managerially. For this theoretical benefit, this research is expected to provide academic insight for all researchers as additional knowledge and input in research on matters related to fintech and MSMEs. Managerially, the findings of this research are also expected to provide benefits for MSME actors in developing their business to improve business performance, by paying attention to aspects of MSME digitization and financial literacy of MSME entrepreneurs.

METHOD RESEARCH

This research was conducted on MSME business actors located in Depok (Musi Market) and Cibinong. Purposive sampling technique is a sampling technique used in this study. This technique is used by distributing questionnaires to MSME business players in Depok and Cibinong. The criteria for MSME actors to be used in the sample selection are:

- a. MSME actors who use payment gateway-based fintech in transactions.
- b. MSME actors who use digital marketing in introducing their products.

This research is a quantitative research that will be obtained through primary data using a questionnaire. The total population of this study was 200 respondents of MSME business actors in Depok and Cibinong. The number of samples taken is 200. This research instrument is based on two independent variables, namely fintech based on digital marketing payment gateways, personal abilities, academic skills and vocational skills with each variable consisting of 5 questions, one dependent variable is the financial performance of SMEs (income and profit). -profit) and one moderating variable, namely financial literacy.

RESULTS AND DISCUSSION

From data on Table 1, could concluded that on column type gender, respondents in this study were dominated by men in build a business MSME with 116 respondent, whereas for woman as big as 77 respondents. Column age respondent also variety

there are 25-40 year olds who dominate open opportunities MSME business. Then, on average, SMEs open a business about 1-5 years.

Table 1
Profile Respondent

No	Information	Category	Frequency	Percentage
1	Type Sex	Man	116	60 %
		Woman	77	40 %
2	Long Operate Business	<1 Year	19	10 %
		1-5 Year	116	60 %
		>5 Year	58	30 %
3	Age	<25 Year	39	20 %
		25-40 Year	125	65 %
		>40 Year	29	15 %

Source: Data primary which processed, 2022

Influence Among *Fintech* based *Payment Gateway* to Performance MSME finance in Moderation with Financial Literacy

Existence Influence which significant Among variable *Fintech based Payment Gateway* to Performance Finance MSME in To do transaction. Thing this strengthened with existence results that score t count $11,562 > t$ -table $1,661$ and score sig. $0.000 < 0.05$. It means that H_0 rejected and H_a received. This due to n of e h para consumer which made easy in transact use financial technology especially during a pandemic covid-19. This can be proven by results study which state that *fintech payment gateway* give influence for performance finance SMEs, which means MSME which has use *payment gateway* as tool the transaction expect that the business they have been living will continue to progress and develop follow era. Study this has prove existence influence *payment gateway* like gopay, Ovo, Tcash, Shopepay which very big in the field MSME because transaction which conducted will more easy and effective. They also feel that income sale juka Keep going increase. Thing this in line with results study which previously by (sustainable et al., 2020) and (Luckandi, 2018) which also state that *fintech payment gateway* give influence for performance finance SMEs.

Influence Among *Digital Marketing* to Performance Finance MSME

Digital Marketing also has a positive effect on Financial Performance SMEs. Thing this strengthened with existence results it was found that the t -count value was $9.531 > t$ -table 1.661 and seen from sig value. $0.000 > 0.05$ indicates that H_0 is rejected and H_a is accepted. This because para consumer feel that they find method which is more useful in offer or promote effort they through social media or websites that are considered easier. From the results of the research that has been done, it can be stated that some Most MSME business people have used *digital marketing* to promote their business. In a pandemic situation or situation covid-19. One of the best ways to market or promote its business is to use *digital marketing* through media social media or website, this is very helpful for business people to increase sale the product to consumer which active looking for a product or service, making it much more effective and efficient. In increase exposure effort SMEs, they could do it through *digital marketing* can attract the attention of consumers in look for needs they as long as easy in world digital. Thing this in line with research that has been done previously by (Rohmah, 2019) which states that *digital marketing* can have an impact positive to performance finance SMEs.

Literacy *Digital Finance* to Performance Finance MSME

This research is also strengthened by the moderating variable, namely literacy finance which also give influence positive Among *payment gateway* -based *fintech* on the

financial performance of MSMEs. With good financial literacy, it is expected that the use of *Payment gateway* -based *fintech* can improve financial performance para perpetrator business MSME so that income Keep going increase and develop. In study this, literacy finance proven help *fintech* (*payment gateway*) is developing more for the better from time to time, and able to improve its business performance to survive in the midst of a crisis situation and in the end can make the business a success. This is in line with research conducted by (Novi Yushita Amanita, 2017) and (Saputri, 2019) which state that literacy finance strengthen influence positive relationship between *payment gateway* -based *fintech* on financial performance SMEs.

With the backward method, it can be detected that all independent variables (personal abilities, academic skills, and vocational skills) have an influence on the dependent variable, namely the level of poverty (viewed from the income).

Because there are no independent variables removed, all independent variables have an effect on the dependent variable. In the analysis results produce R (correlation coefficient) of 0.972. show connection which very strong. F count show results 57,043. With compare F count with F table 0.05 with degrees of freedom of the numerator 3, degrees of freedom of the denominator 10 obtained F table = 3.21. F count > F table means significant with words other that model which used in analyze problem it fits.

Results test t for test significance constant from every variable independent.known that:

- a. There is significant and positive influence of formal personal skills on poverty rates in Depok and Cibinong
- b. There is a significant and positive effect of academic skills to poverty levels.
- c. There is a significant and positive effect of vocational skills.

CONCLUSION

This research was conducted to complement existing research on fintech (payment gateway) and digital marketing stating that there is a positive relationship between fintech (payment gateway) and digital marketing on MSME financial performance> in theory, the role of fintech (payment gateway) can help MSME business activities in transactions, digital marketing can help promote products in MSME business activities. In terms of financial literacy, this can help regulate financing and financial management arrangements. The results of this study indicate that all hypotheses also have a significant positive effect so that this study can accommodate the two research gaps that have been carried out. Moreover, there are many business people whose sales income tends to increase through fintech (payment gateways) and can also attract consumers' attention in promoting quality products through digital marketing.

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