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**THE ROLE OF DIGITAL LITERACY, CREATIVITY, AND INNOVATION IN
INCREASING BUSINESS GROUP PRODUCTIVITY, INCREASING FAMILY INCOME-
EMPOWERMENT, AND WELFARE OF
TORNADO FAMILIES, JAMBI CITY**

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ABSTRACT

| The purpose of this study was to determine the role of digital literacy, creativity, and innovation in increasing productivity among MSME traders who are members of the UP2PKK Beliang Group in Jambi City. The analysis tool used was PLS analysis. The results of the study showed that digital literacy, creativity, and innovation each had a positive and significant effect on the productivity of MSME traders in the UP2PKK Beliang Group in Jambi City. This means that the higher the level of digital literacy, creativity, and innovation possessed and implemented by traders, the higher the business productivity they achieve. Based on the results of the study, it is recommended that: (1) these findings be used as a reference in developing entrepreneurship theory, especially regarding the role of digital literacy, creativity, and innovation in increasing MSME productivity, and encourage further research that integrates other variables such as leadership, motivation, and access to financing; (2) further studies are conducted involving MSMEs from different regions or business sectors, as well as a qualitative approach to deeply understand the process of developing creativity and innovation; and (3) longitudinal research is conducted to observe the long-term impact of increasing digital literacy, creativity, and innovation on business productivity in a sustainable manner. |

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| *Keywords:*

Digital Literacy,
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1.0 INTRODUCTION

In today's digital era, the ability to access, understand, and utilize information technology is one of the main factors in increasing the competitiveness of individuals and groups. Digital literacy is not only an additional skill, but also an essential need that determines the effectiveness of people's economic, social, and cultural activities (Gitosudarmo, 2014). Small business groups, especially those based on family empowerment such as the Family Income Enhancement Business Group – Family Empowerment and Welfare (UP2K-PKK), need adequate digital understanding to face the challenges of the times. In Jambi City, especially Beliang Village, the UP2K-PKK Beliang group shows promising economic potential, but still faces obstacles in terms of digital literacy. Many members of the group still rely on conventional methods of business management, marketing, and financial recording. This leads to limitations in reaching a wider market, accessing new resources, and keeping up with modern consumer trends. Low digital capabilities also have implications for the lack of documentation of business activities that can be used as material for evaluation and improvement. In fact, with the right use of technology, this kind of business group can develop faster and more sustainably. Therefore, it is important to trace the extent to which digital literacy has been applied in this group and how it affects business productivity (Subrata & Firman, 2024).

In addition to digital literacy, creativity is one of the elements that cannot be ignored in the development of community businesses. Creativity allows business actors to create added value, develop unique marketing strategies, and present products that are attractive and different from competitors (Rahayu et al., 2023). In the context of the UP2K-PKK Beliang group, creativity can be the main key in forming a strong local product identity. Unfortunately, the development of creativity among family business groups is often limited due to limited insights, access to information, and lack of ongoing training. Many of the products produced do not have uniqueness, both in terms of packaging, branding, and product innovation. Less than optimal creativity also has an impact on the difficulty in building customer loyalty and penetrating a wider market. In fact, in the creative economy ecosystem, the ability to think out-of-the-box and develop a business strategy based on local potential is very decisive for long-term success. Therefore, increasing the creativity of group members needs to be integrated in every business development process. This requires the right approach, intensive coaching, and the creation of collaborative spaces that encourage the exploration of new ideas.

Innovation is a strategic follow-up factor in supporting the sustainability and growth of business groups. Without innovation, small businesses will find it difficult to survive amid increasingly competitive competition and rapidly changing market tastes. Innovation is not only limited to products, but also concerns the production process, distribution, to managerial strategies and consumer service (Irwan et al., 2023). For the UP2K-PKK Beliang group, it is important to understand that innovation does not only belong to large companies, but is also very relevant to family businesses and local communities. With limited capital and resources, this group is required to be more creative and innovative in finding solutions to various business obstacles. Simple innovations such as product diversification, the use of local raw materials, and the use of social media as a means of promotion can have a significant impact on increasing productivity. However, the low awareness and knowledge of group members about the importance of innovation is often a major obstacle. Therefore, coaching and education on the implementation of innovation must be an integral part of the empowerment strategy.

The Family Income Improvement Business Group-Family Empowerment and Welfare (UP2K-PKK) is one of the programs initiated to improve the welfare of the community, especially women and families. Through this program, it is hoped that every family can actively participate in productive economic activities to increase household income. In Beliang Village, the UP2K group has been running in recent years with various types of businesses such as culinary, handicrafts, and home services. However, the results achieved have not been maximized because most of them are still on a micro scale with limited reach. Some groups have not been able to access ongoing training and mentoring relevant to their needs. Therefore, revitalizing the role of UP2K is very important through a more adaptive approach to the digital era and based on the development of its human resource capacity. The three factors of digital literacy, creativity, and innovation are believed to be important foundations to realize a sustainable transformation of group productivity.

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In the context of community empowerment, the role of digital literacy, creativity, and innovation cannot stand alone. The three are interrelated and must be developed simultaneously in order to be able to drive significant change. Good digital literacy will support the creative process in seeking new information and inspiration (Hamijaya et al., 2024), while high creativity will give birth to innovations that are relevant to market needs. Therefore, the synergy between these three aspects must be the basis for the preparation of business group coaching and assistance programs. Local governments, training institutions, and other development partners need to work together to create an ecosystem conducive to the growth of local business groups. This is also in line with efforts to realize the vision of inclusive and competitive community independence-based development. Without support from various parties, the development of digital literacy, creativity, and innovation will be difficult to realize optimally.

The productivity of business groups such as UP2K is highly dependent on the effectiveness of management and the active role of its members in the decision-making process and implementation of activities. In this case, continuous training and coaching is an absolute necessity. Digital literacy can be used to speed up the learning process through online platforms, video tutorials, or financial and marketing applications. On the other hand, creativity and innovation can be honed through discussion forums, workshops, and comparative studies to other successful business groups. Thus, increasing productivity does not only rely on physical capital, but also investment in human capacity development. This capacity building must continue to be carried out systematically and planned so that the UP2K-PKK Beliung group not only survives, but also develops rapidly in the future.

Research on the relationship between digital literacy, creativity, innovation, and business group productivity is important to provide an empirical basis in the formulation of empowerment policies and programs. By understanding how these three variables affect each other, the interventions carried out will be more targeted and have a real impact. The data obtained will also help identify the strengths and weaknesses of the UP2K group, so that interventions can be contextually adjusted. In this case, a participatory and data-driven approach is needed so that development strategies are truly in line with local needs and potential. The UP2K-PKK Beliung group in Jambi City is a concrete example of how the local community can be used as a social laboratory to develop an adaptive and innovative economic empowerment model.

Jambi City as one of the regions that is actively encouraging the development of MSMEs and women's empowerment has a great opportunity to make the UP2K group an agent of socio-economic change. However, it is necessary to realize that without strengthening digital literacy, developing creativity, and encouraging innovation, these efforts will only have minimal impact. The success of empowerment must be measured by directly improving the welfare of group members, both in the form of income, market access, and product quality. Therefore, intervention strategies should not only focus on technical training, but also on building a work culture that is creative, innovative, and technologically literate..

By integrating digital literacy, creativity, and innovation into every stage of business group development, it will create a group that is adaptive and resilient to the changing times. The UP2K-PKK Beliung group can be a model for other regions in utilizing local potential for family economic development. The implementation of simple technologies such as social media, local e-commerce, and digital cash applications can provide great benefits if supported by product creativity and marketing innovation. Therefore, synergy between group members, the government, and the private sector is needed to support this capacity strengthening.

Based on the description above, it can be concluded that digital literacy, creativity, and innovation have an important role in increasing the productivity of the UP2K-PKK Beliung group in Jambi City. This research is expected to provide a comprehensive overview of how these three aspects contribute to the growth of community-based family businesses. In addition, the results of this study are also expected to be recommendations for local governments and other stakeholders in formulating more effective and sustainable family economic empowerment strategies. Thus, the existence of the UP2K group is not only a symbol of government programs, but also a real family economic driver and has a wide impact on the community. |

2.0 LITERATURE REVIEW

Digital Literacy

[According to Hague & Payton (2013), digital literacy is defined as the ability to use digital technologies, communication tools or networks to access, manage, integrate, analyze, and evaluate information; develop new knowledge; create and communicate with others. The dimensions to measure digital literacy are Functional Skill Beyond, Creativity, Collaboration, Communication, Ability to Find and Select Information, Critical Thinking and Evaluation, Cultural and Social Understanding, and E-Safety.]

Creativity

[According to Munandar (2014), creativity refers to the ability to produce new ideas that are original and useful in solving problems or achieving certain goals. The dimensions to measure creativity are fluency of thinking, flexibility, and elaboration.]

Innovation

[Rahayuningsih (2017) Innovation is an idea, idea, practice or object that is considered new by a person or adoption unit, and used to improve performance or provide solutions to problems. The dimensions to measure innovation are Structure, Culture, and Resources.]

Productivity

[According to Burhanuddin (2015), Productivity is a comparison between the results (output) achieved and the total resources (inputs) used in producing these results. The dimensions to measure productivity are Knowledge, Skills, Abilities, and Attitudes.]

3.0 METHODOLOGY

Research Object and Research Subject

The research objects in this study are entrepreneurial competence, entrepreneurial orientation, competitive advantage and business performance. The subjects of the study are the parties who are used as samples in a study. The research subject in this study is the MSMEs of the UP2PKK Beliang Group.

Research Methods and Approaches

The methods used in this study are descriptive, verifiable, and quantitative methods. According to (Sugiyono, 2023), the verification method is defined as a research method through proof to test the hypothesis of descriptive research results with statistical calculations so that proof results are obtained that show that the hypothesis is rejected or accepted.

Population and Sample

Population is a generalized area consisting of: objects/subjects that have certain qualities and characteristics that are determined by the researcher to be studied and then drawn conclusions (Sugiyono, 2023). Based on calculations using the saturated sample method, the sample to be used in this study is 36 people.

Data Analysis Techniques

The data analysis used in this study is quantitative data analysis. Quantitative Analysis is a measurement used in a study that can be calculated with a certain number of units or expressed by numbers. This analysis includes data processing, data organization and result discovery. To quantitatively measure the direct influence of independent variables on independent variables through intervening variables, the Structural Equation Model (SEM) Software analysis tool used

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in this study is Smart PLS 3.0. He said component-based SEM using PLS was chosen as an analysis tool in the study because SEM-PLS can work efficiently with small sample sizes and complex models. In addition, SEM PLS can also analyze reflective and formative measurement models as well as latent variables with one indicator without causing problems SEM-PLS is widely used for causal-predictive analysis and complex is a suitable technique to be used in the application of prediction and theory development as in this study. PLS doesn't require a lot of assumptions. Data do not have to be normally distributed multivariate and the sample number does not have to be large. Ghazali and Latan (2015) stated that the PLS evaluation model was carried out by assessing the outer model and the inner model. Evaluation of the measurement model or other model is carried out to assess the validity and reliability of the model. The outer model is carried out reflective convergent validity and discriminant, and indicators of latent construct and composite reliability and cronbach alpha for the indicator block. Meanwhile, model evaluation or model inner is to predict the relationship between latent variables.

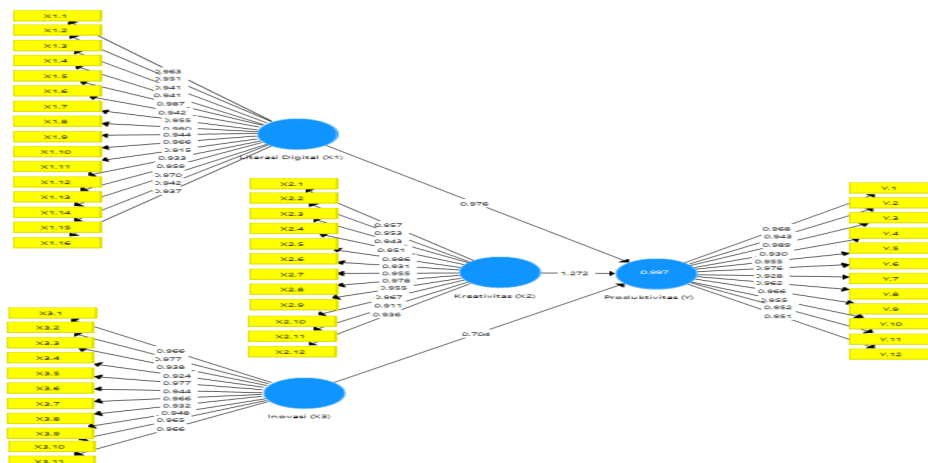
4.0 FINDINGS AND DISCUSSION

Convergent Validity Testing

Convergent validity testing is one type of validity used to evaluate the extent to which an instrument or measuring instrument measures the same construct well. In the context of statistics and data analysis, especially in latent variable-based models such as Partial Least Squares (PLS), convergent validity is important to ensure that the indicators or items used in the model actually reflect the same construct.

Loading Factor

Loading factor is a value that shows how much an indicator or observation variable is able to represent a latent variable in a measurement model. factor, the stronger the relationship between the indicator and the latent variable being measured. In general, a loading factor value of ≥ 0.70 is considered to meet the criteria of convergent validity, but in some exploratory cases, a value of ≥ 0.50 is still acceptable. If there is an indicator with a low loading factor, usually the indicator will be removed or needs to be improved to make the model more valid and reliable. To find out the results of the loading factor test, you can see the following image:



Information:

- X1 = Digital Literacy
- X2 = Creativity
- X3 = Innovation
- Y = Productivity

Figure 1. Calculation Results of the Initial Research Model

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The image above is the first step in answering research objectives number 1 to 7. In the image, it can be seen that all variable indicators have an outer loading value above 0.7, which shows that each indicator has a strong correlation with the latent variable it measures.

Reliability Test

The composite reliability test is carried out to find out the value that shows the extent to which a measuring instrument can be trusted to be used. (Wiyono, 2011) All variables are declared reliable if the loading value is above 0.70. The composite reliability value of each variable can be seen in table 1 as follows:

Table 1
Composite Reliability

Variable	Composite Reliability
Digital Literacy (X1)	0.994
Creativity (X2)	0.991
Innovation (X3)	0.991
Productivity (Y)	0.992

Source : Data Processing with PLS, 2025

Based on table 1, the results of the composite reliability test show that the value of all variables can be said to be reliable because it has a composite reliability value greater than 0.70.

Inner Model Evaluation

The internal evaluation of the model was carried out by bootstrapping test which produced the values of the R square and Q square determination coefficients, and hypothesis testing. The results of the internal model evaluation are described as follows.

Coefficient of Determination R Square

In assessing a model with PLS it starts by looking at the R-Square for each dependent latent variable. Table 2 is the result of R-square estimation using SmartPLS 3.

Table 2
R-Square Value

Variable	R-Square
Productivity (Y)	0.997

Source : Data Processing with PLS, 2025

Table 2 shows the R-Square value for the Productivity (Y) variable, it can be concluded that this model has a very high predictive power. The R-Square value of 0.997 indicates that 99.7% of the variance in the Productivity (Y) variable can be explained by the constructs in the model.

Hypothesis Testing

The significance of the estimated parameters provides very useful information about the relationship between the study variables. The basis used in testing the hypothesis is the value found in the output result for inner weight. Table 3 provides the estimated output for structural model testing:

Table 3
Result for Inner Weights

Variable	Path Coefficient
Digital Literacy (X1) -> Productivity (Y)	0.976
Creativity (X2) -> Productivity (Y)	1.272
Innovation (X3) -> Productivity (Y)	0.704

Source : Data Processing with PLS, 2025

Based on Table 3 which shows the Path Coefficient between variables, the influence of each construct on Productivity (Y) can be analyzed. The Path Coefficient value describes the strength and direction of the relationship between independent and dependent variables in the model. For the relationship between Digital Literacy (X1) and Productivity (Y), the Path Coefficient value of 0.976 indicates a very strong positive relationship. This means that increasing Digital Literacy contributes significantly to increasing Productivity, with a very strong influence. Meanwhile, the relationship between Creativity (X2) and Productivity (Y) had a Path Coefficient value of 1.272, which showed the greatest influence among the other variables. This indicates that Creativity has a huge impact on Productivity, with a greater contribution than Digital Literacy and Innovation. Finally, the relationship between Innovation (X3) and Productivity (Y) has a Path Coefficient value of 0.704, which indicates a fairly significant positive relationship. Although the contribution is smaller than Digital Literacy and Creativity, Innovation still has an important impact on Productivity.

The Influence of Digital Literacy on Productivity

The research results indicate that the relationship between the digital literacy variable has a positive and significant impact on productivity. This finding aligns with studies conducted by Brown et al. (2022) and Lopez et al. (2023), which state that digital literacy positively and significantly influences productivity. The impact of digital literacy on productivity is attributed to respondents' ability to operate digital devices for financial transaction needs, use simple financial applications (such as e-wallets or mobile banking), create digital promotional content, develop digital marketing strategies based on financial platforms, collaborate with other SMEs in utilizing digital financial services, actively participate in online forums or discussion groups related to business financial management, explain business financial needs or issues digitally to others (customers, banks, financial platforms), understand promotional information or terms and conditions from digital financial platforms, search for information about financial products (loans, digital savings, etc.) online, compare available digital financial services, assess the security and benefits of digital financial products, analyze digital transaction or financial reports, understand that the use of digital finance should align with cultural and social values in their community, recognize the role of digital finance in enhancing social inclusion among SMEs, maintain the security of their digital financial accounts and data, and know the actions to take in case of digital fraud. This understanding enables respondents to grasp relevant work procedures and technical information, identify solutions to work-related problems based on their insights or knowledge, apply theories or concepts learned in real work situations, operate work tools or technology efficiently, complete technical tasks according to time and quality standards, demonstrate precision and consistency in technical work execution, work independently or in teams to achieve work targets, adapt to changes or work challenges, manage time and workload effectively, exhibit high responsibility for assigned tasks, show a good work ethic such as discipline, honesty, and loyalty, and actively communicate and collaborate positively with colleagues.

The influence of digital literacy on productivity can be explained through its ability to facilitate technological advancements used in various business aspects. SMEs with strong digital literacy can leverage digital technology to enhance their operational efficiency, particularly in financial transactions, marketing, and inventory management. By using digital financial applications, such as mobile banking or e-wallets, they can manage cash flow more easily and efficiently. This undoubtedly contributes to increased business productivity, as merchants can save time that was previously spent on manual processes. Additionally, digital literacy enables merchants to reach a broader market through online marketing platforms, such as social media or e-commerce. Those who understand how to create engaging and effective digital promotional content can attract more customers, both locally and internationally. Digital marketing not

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only enhances product visibility but also allows merchants to interact directly with customers, receive feedback, and tailor their products to market needs. Thus, the ability to effectively utilize digital media can drive sales and productivity improvements.

Moreover, the ability to access relevant information about market trends and the latest business techniques online provides an additional advantage. Merchants with high digital literacy can quickly obtain information on product developments, business strategies, and financial data that can enhance their business decisions. For instance, they can easily compare available financial services and products, evaluate the security and benefits offered, and select the best options for their business. Faster and more accurate decision-making will promote greater efficiency and productivity. In a social context, digital literacy also helps merchants collaborate with other business actors within a digital network. In online groups or communities, merchants can share knowledge, experiences, and business strategies with fellow SMEs, thereby expanding their networks and business opportunities. This collaboration among business actors paves the way for greater synergy, allowing them to collectively support each other in boosting productivity. Therefore, digital literacy is a key factor in creating new opportunities that can enhance productivity and competitiveness in business.

Overall, digital literacy plays an important role in increasing the productivity of MSME businesses because it provides access to various tools and platforms that can help merchants accelerate their business processes, increase efficiency, and expand the market. The ability to adapt to technological changes as well as take advantage of a wide range of digital services allows traders to remain competitive in an increasingly growing and dynamic market. Therefore, it is important for MSME traders to continue to develop their digital literacy, in order to maximize their potential and increase their business productivity in a sustainable manner.

The Influence of Creativity on Productivity

The research results indicate that the relationship between the creativity variable has a positive and significant impact on productivity. This finding aligns with studies conducted by Wilson et al. (2020) and Taylor et al. (2021), which state that creativity significantly influences productivity. The impact of creativity on productivity is due to respondents' ability to provide various answers or solutions to problems, including the ability to generate multiple alternative ideas during discussions or activities and to respond quickly and diversely to questions or stimuli. Individuals with this ability can also create original ideas without mental barriers, present ideas from different perspectives, and change their approach to a problem when initial solutions fail. They can use various categories or concepts to solve problems and adapt to changing situations or new challenges.

Furthermore, they can add details or additional explanations to the main idea, develop concepts into more complex and in-depth forms, organize ideas into structured and detailed plans or products, and refine and perfect ideas into a more mature final form. This enables respondents to understand relevant work procedures and technical information, identify solutions to work-related problems based on their insights or knowledge, apply theories or concepts learned in real work situations, operate work tools or technology efficiently, complete technical tasks according to time and quality standards, demonstrate precision and consistency in technical work execution, work independently or in teams to achieve work targets, adapt to changes or work challenges, manage time and workload effectively, exhibit high responsibility for assigned tasks, show a good work ethic such as discipline, honesty, and loyalty, and actively and positively communicate and collaborate with colleagues.

The impact of creativity on productivity can be seen in how it encourages individuals or groups to create new and innovative solutions when facing various challenges. When someone has the ability to think creatively, they can find new, more efficient ways to solve problems or optimize work processes. Innovations resulting from this creativity enable tasks to be completed more quickly and effectively, directly contributing to increased productivity. Additionally, creativity opens opportunities for the development of more appealing and relevant products or services to market needs. By creating new things or improving existing ones, creativity plays a role in enhancing competitiveness and creating added value for a company or organization. This affects long-term success, as innovative products or services can attract consumer attention and boost sales.

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Creativity also plays a crucial role in improving work quality and reducing potential barriers. Creative individuals or teams tend to be more capable of adapting to changes and finding alternative solutions when facing difficulties. The ability to think outside conventional norms allows them to address problems flexibly, leading to enhanced efficiency and productivity. Thus, creativity not only enriches the work process but also accelerates the achievement of optimal results.

The Influence of Innovation on Productivity

The research results indicate that the innovation variable has a positive and significant impact on productivity. This finding aligns with studies by Wilson et al. (2020) and Brown (2022), which state that innovation significantly influences productivity. The impact of innovation on productivity is attributed to respondents having sufficient access to resources such as capital, raw materials, and information that support business development, as well as frequently discussing and exchanging ideas with other traders or business groups to grow their enterprises. They feel no rush in trying new ideas, believe that the business environment supports experiments with new methods or products, and are comfortable with uncertainties when trying new things. These entrepreneurs are also willing to take risks, even when there are differing opinions or conflicts with other business actors. They remain focused on the end results and are open to suggestions, information, and trends from outside sources to enhance their businesses while actively seeking new opportunities and embracing change. Additionally, their businesses have distinctive features or uniqueness that attract customers.

The influence of innovation on productivity can be seen in how it brings significant changes to work methods, tools, or processes used. Innovation creates new solutions that can streamline workflows and reduce the time needed to complete specific tasks. By introducing new technologies or more efficient methods, innovation can eliminate barriers in daily operations, allowing companies or individuals to work more quickly and effectively, thereby increasing overall productivity.

Moreover, innovation plays a crucial role in creating better products or services that are more relevant to market needs. By developing new products or improving existing ones, innovation not only enhances quality but also broadens consumer appeal. This enables companies to maintain a competitive advantage in the market, which in turn drives increased sales and business growth. This directly affects productivity, as more satisfied customers lead to greater profits.

Innovation can also motivate employees and teams to be more creative in their tasks, as they feel empowered to find new ways to accomplish work. When innovation is embraced and implemented in the workplace, employees tend to feel more engaged and motivated to deliver their best results. An innovative work environment encourages the exploration of new ideas, ultimately resulting in increased efficiency and productivity. Thus, innovation not only affects products or services but also contributes to a better work spirit and collaboration within teams.

5.0 CONCLUSION

Based on the results of the research, it can be concluded that digital literacy has a positive and significant effect on the productivity of MSME Traders of the UP2PKK Beliung Group in Jambi City. This means that the higher the level of digital literacy possessed by MSME traders in the UP2K-PKK Beliung Group in Jambi City, the higher the level of their business productivity. Creativity has a positive and significant effect on the productivity of MSME Traders of the UP2PKK Beliung Group in Jambi City. This means that the higher the level of creativity possessed by MSME traders in the UP2PKK Beliung Group in Jambi City, the higher their productivity level in running a business. Innovation has a positive and significant effect on the productivity of MSME Traders of the UP2PKK Beliung Group in Jambi City. This means that the higher the level of innovation applied by MSME traders in their business activities, the higher the level of productivity achieved.

The results of this research can be a reference for the development of theories in entrepreneurship studies, especially related to the role of digital literacy, creativity, and innovation in increasing the productivity of MSMEs. Future academic researchers are expected to develop new models that integrate these three variables with other factors such as leadership, motivation, or access to financing. It is recommended to conduct further research involving MSMEs from different

regions or varied business sectors to strengthen the generalization of these findings. Qualitative research can also enrich understanding of how traders develop their creativity and innovation in real life. |

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