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Analysis of Digital Literacy and the Readiness of MSMEs in Setupatok Village in Facing Digital Transformation

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Abstract

Digital transformation is a major challenge for traditional micro enterprises, yet village level MSMEs are rarely captured in national digitalization statistics. This study aims to describe the level of digital literacy, the level of readiness for digital transformation, and the barriers to digital adoption among micro enterprises in Setupatok Village, Mundu District, Cirebon Regency. A descriptive mixed methods design was used. Fifteen MSME actors from five trading and culinary business types were selected purposively. Data were collected through a ten item Likert questionnaire covering five digital literacy indicators and five readiness indicators derived from the Technology Readiness Index, complemented by open ended questions and on site interviews. Questionnaire data were tabulated into frequencies, percentages, and mean scores, while interview data were analyzed using the Miles and Huberman interactive model. The results show that digital literacy is at a low to basic level (mean 2.45 of 5.00); 11 of 15 respondents (73.3%) disagreed that they use Google Maps or Google Business Profile, and 10 respondents (66.7%) disagreed that they accept QRIS payments. Readiness is also low (mean 2.56): discomfort and insecurity scores were high, while optimism and innovativeness were moderate. The main barriers are limited device and internet access, low technological understanding, distrust of non cash payment security, age and habit factors, and the absence of continuous mentoring. The study concludes that rural micro enterprises are still at an early stage of digital transformation and require practice based, continuous mentoring rather than one way socialization.

Keywords: digital literacy, MSMEs, digital transformation, technology readiness, rural micro enterprises.

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INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are the backbone of the Indonesian economy: about 65.5 million units contribute around 61% of gross domestic product and absorb about 97% of the workforce, yet only about 27 million had entered the digital ecosystem by the end of 2023 (Suhayati, 2023), up from 3.79 million in 2019 (Koesrianti & Tanega, 2024). In other words, the majority of Indonesian MSMEs, most of them micro enterprises, have not yet digitalized. In the context of the industrial revolution 4.0, the digitalization of MSMEs is an important strategy to increase competitiveness, expand market access, and continue to run business when physical interaction is limited. Efficiency, productivity, and business growth opportunities increase with MSME actors utilizing digital media, the internet, and information technology (Hanim et al., 2021). However, the national picture is uneven: digital adoption is concentrated among urban and younger entrepreneurs, while micro enterprises in rural areas lag behind in device access, skills, and trust in digital systems (Nugroho et al., 2025). Based on field data, spice and basic food traders and businesses in the micro sector in Setupatok village are still facing real technical obstacles.

This study focuses on the analysis of MSMEs that are still traditional which are often ignored in national digitalization statistics. Based on data from 15 respondents, it was found that the phenomenon of MSME actors not being able to take advantage of productive digital features because they do not have digital tools such as mobile phones and also some still feel difficulties in using technology or *gaptek*, and are also hesitant about digital payment methods.

Advances in digital technology require MSME actors to have basic skills in using technology. However, the reality is that not all MSME actors can keep up with these changes, especially those in rural areas. Based on the results of preliminary data from 15 MSME actors in Setupatok Village, it shows that there are still business actors who do not have adequate digital devices, have difficulty using technology, and lack confidence in implementing digital payments. This condition shows that low digital literacy and limited access to technology are still the main obstacles in the process of digitizing MSMEs in villages (Anatan & Nur, 2023).

Previous studies have examined digital literacy and MSME digitalization from three angles, and each leaves a gap that this study addresses. First, Suwarni et al. (2019) found that the main obstacle to micro business development in the digital economy is not the lack of opportunity but low digital literacy and human resource skills; however, their study did not distinguish literacy from readiness, so it is unclear whether MSMEs that have basic skills are also willing to adopt technology. Second, Hanim et al. (2021) showed that digitalization increases MSME competitiveness, but their analysis stopped at the benefits of digitalization and did not measure the actual condition of business actors who have not yet digitalized. Third, studies on rural MSMEs (Nugroho et al., 2025)(Anatan & Nur, 2023) reported limited device access, lack of mentoring, and distrust of non cash payments, but these studies treated barriers descriptively without linking them to a readiness framework. Nurqamarani et al. (2024) further showed that the adoption of QRIS by micro traders is strongly shaped by perceived risk and perceived ease of use, which suggests that trust, not only skill, must be examined. What remains unresolved is

how literacy, readiness, and barriers appear together in the same group of traditional village traders. This study therefore examines these three dimensions jointly in one micro enterprise community using the Technology Readiness Index (TRI) as an analytical lens.

Digital literacy is a person's ability to understand, use, and utilize digital technology appropriately and responsibly. This ability is not only related to the technicalities of using digital devices, but also includes an understanding of information, digital security, and the use of digital technology to support economic activities (Gilster, 1997); more recent frameworks describe it as a multidimensional competence covering technical, informational, communicative, and safety related skills (Tinmaz et al., 2022). If digital literacy is still low, it can cause MSMEs to be unprepared to face digital transformation. Readiness, in turn, is understood here through the Technology Readiness Index, which explains the propensity to adopt new technology as the result of two drivers, optimism and innovativeness, and two inhibitors, discomfort and insecurity (Parasuraman & Colby, 2015).

Setupatok Village, located in Mundu District, Cirebon Regency, has a variety of micro MSME actors, such as culinary businesses, grocery stores, and spice sales. Based on the results of observations of 15 MSME actors, most of these businesses are still run in traditional ways and have not made the most of digital technology. The use of social media, and digital payment systems is still relatively low, so opportunities to develop businesses have not been utilized optimally (Suhayati, 2023).

Based on existing conditions, this study was conducted to analyze in more depth related to digital literacy and the readiness of MSME actors in Setupatok Village in facing the digital era. This study is guided by three research questions: (1) What is the level of digital literacy of MSME actors in Setupatok Village? (2) What is the level of readiness of these MSME actors to face digital transformation? (3) What factors hinder the application of digital technology in their businesses? The Results section answers each question in order.

This research is expected to provide benefits both from the academic side and application in the field. In terms of theory, this research can enrich knowledge and add scientific references related to digital literacy and the readiness of MSMEs in rural areas in the face of digital transformation. Meanwhile, from the practical side, the results of this research can be used as a consideration for village governments, MSME assistants, and policymakers in developing programs to increase MSME digital literacy in accordance with real conditions in the field.

The novelty of this study is not the finding that rural digital literacy is low, which is already documented, but the combined mapping of digital literacy, technology readiness, and adoption barriers in one group of traditional commodity traders (spices, basic foodstuffs, and home cooked food) whose businesses are cash based and locally oriented. By mapping ten questionnaire items onto digital literacy indicators and the four TRI constructs and triangulating them with on site interviews, the study shows which specific inhibitors (discomfort and insecurity) outweigh the drivers (optimism and innovativeness) in this community. This evidence base allows village governments and MSME assistants to design mentoring programs that target the actual inhibitors rather than generic socialization.

RESEARCH METHOD

This study uses a descriptive mixed methods design that combines a quantitative questionnaire with qualitative interviews (Creswell & Plano Clark, 2018). The quantitative strand describes the level of digital literacy and technology readiness through a ten item Likert questionnaire, while the qualitative strand explores the obstacles, needs, and expectations of MSME actors through open ended questions and on site interviews. The two strands were collected concurrently and integrated during interpretation, where interview excerpts were used to explain the tendencies found in the questionnaire (convergent design) (Creswell & Creswell, 2018).

This research was carried out in Setupatok Village, Mundu District, Cirebon Regency, West Java. The subjects in this study amounted to 15 MSME actors who were selected using purposive sampling techniques with three criteria: (1) owning a micro enterprise that has operated in Setupatok Village for at least one year, (2) running a cash based business in the trading or culinary sector, and (3) being willing to be interviewed at the business location. The number of 15 respondents was determined by the total number of micro enterprises in the village that met these criteria and were active during the data collection period, and it is consistent with the recommendation of 12 to 15 participants for qualitative data saturation in homogeneous groups (Sugiyono, 2022). Respondents included several types of micro businesses such as spice traders, rice and cooked food traders, grocery stores, culinary stalls, and frozen food sellers. The primary data collection technique was obtained through a structured interview questionnaire.

The structure of the interview questionnaire includes:

- a. Profile data: Name, age, last education, and type of business.
- b. Digital literacy and technology readiness indicators: 10 statements with answers on a five point Likert scale from Strongly Disagree (1) to Strongly Agree (5).
- c. Open-ended Questions: Regarding business constraints, digital assistance needs, and future expectations.

The ten statements and their theoretical basis are presented in Table 1. Items 1 to 5 measure digital literacy, operationalized from the dimensions of device operation, information use, communication and promotion, digital transactions, and digital security (Gilster, 1997)(Tinmaz et al., 2022). Items 6 to 10 measure technology readiness, operationalized from the four TRI 2.0 constructs of optimism, innovativeness, discomfort, and insecurity (Parasuraman & Colby, 2015), plus one item on perceived need for mentoring. Items 8 and 9 are inhibitor items and were reverse scored when computing the readiness index, so that a higher score always means higher readiness. Content validity was checked by two lecturers in digital business, and the instrument was pilot tested on three MSME actors outside the sample to ensure that the wording was understood by respondents with basic education; three statements were simplified after the pilot. Internal consistency was computed on the final data and produced a Cronbach's alpha of 0.81 for the literacy items and 0.76 for the readiness items, which is acceptable for a descriptive instrument.

Table 1. Questionnaire items and their theoretical basis

No.	Statement	Indicator / construct	Theoretical basis
1	I can operate a smartphone for daily communication (calls, WhatsApp).	Digital literacy: device operation	Gilster (1997); Tinmaz et al. (2022)
2	I use the internet to find information about prices, suppliers, or products.	Digital literacy: information use	Tinmaz et al. (2022)
3	My business is registered on Google Maps or Google Business Profile, or I promote it on social media.	Digital literacy: communication and promotion	Harahap et al. (2021)
4	I accept QRIS or bank transfer payments from customers.	Digital literacy: digital transactions	Buchdadi et al. (2024)
5	I can recognize risks in digital transactions (fraud, fake links).	Digital literacy: digital security	Tinmaz et al. (2022)
6	Digital technology can increase my sales.	TRI: optimism (driver)	Parasuraman and Colby (2015)
7	I would like to try a new business application if someone taught me.	TRI: innovativeness (driver)	Parasuraman and Colby (2015)
8	Digital technology is complicated for me to use. (R)	TRI: discomfort (inhibitor)	Parasuraman and Colby (2015)
9	I worry about the security of non cash transactions. (R)	TRI: insecurity (inhibitor)	Parasuraman and Colby (2015)
10	I need direct mentoring before I use digital tools in my business.	Perceived need for mentoring	Fuadi et al. (2021)

Note. (R) = reverse scored item. Scale: 1 = strongly disagree to 5 = strongly agree.

The data collection process in this study was carried out through direct interviews using structured questionnaires to all respondents. This method is used so that the data obtained is primary data and to ensure that each question can be understood well by MSME actors. The interview is carried out directly at each respondent's place of business so that the researcher can get a real picture of business conditions and in accordance with the situation in the field. Each interview lasted 20 to 30 minutes, was recorded with the respondent's permission, and was transcribed verbatim on the same day. Data were collected in two weeks in [[MONTH YEAR]].

The research stage begins with preparatory activities which include the preparation of research instruments and the determination of respondents. In the next stage, the researcher collects data through direct interviews with 15 MSME actors. After all the data is obtained, an examination is carried out to ensure the completeness of the data, then continues with the process of data processing and analysis. The last stage in this study is the presentation of the results of the analysis and drawing conclusions based on the findings in the field.

Questionnaire data were analyzed with descriptive statistics. For each item, the frequency and percentage of responses in each category were tabulated and the mean score was computed. The level of digital literacy and readiness was classified using five equal intervals of the 1.00 to 5.00 scale: 1.00 to 1.80 very low, 1.81 to 2.60 low, 2.61 to 3.40 moderate (basic), 3.41 to 4.20 high, and 4.21 to 5.00 very high. The term "basic" in this article refers to a mean score in the low to moderate range, meaning that respondents

can perform elementary tasks on a device but do not apply digital tools to business functions. Interview and open ended data were analyzed with the Miles and Huberman interactive model (Miles et al., 2020), consisting of data condensation, data display, and conclusion drawing and verification. Interview statements were coded into the four TRI constructs and into a barrier category, and the coded themes were then displayed next to the questionnaire results so that each quantitative tendency could be explained by respondents' own words.

The roles of the three frameworks are therefore distinct. The Miles and Huberman model is the procedure for analyzing qualitative data, not a theory of adoption. The TRI is the single analytical lens used to measure and interpret readiness, with its four constructs of optimism, innovativeness, discomfort, and insecurity (Parasuraman & Colby, 2015). The Technology Acceptance Model (TAM) (Davis, 1989) is not measured by the questionnaire; it is used only in the Discussion to interpret interview statements about perceived usefulness and perceived ease of use, following its application to MSME digital payment adoption in Indonesia (Buchdadi et al., 2024).

Credibility of the qualitative data was maintained through method triangulation (questionnaire, open ended questions, and interviews), member checking by reading back the summary of each interview to the respondent before leaving the location, and peer debriefing among the authors during coding. Research ethics were observed as follows: each respondent received a verbal and written explanation of the purpose of the study, participation was voluntary, informed consent was obtained before the interview, respondents could withdraw at any time, and all names are replaced with codes (R1 to R15) in this article. No financial incentive was given.

RESULTS AND DISCUSSION

Respondent profile

Table 2 presents the profile of the 15 respondents. Most respondents are women (10 of 15), aged 41 years or older (9 of 15), with elementary or junior high school as their highest education (9 of 15). The dominant business types are spice trading and basic food trading, followed by culinary stalls, grocery stalls, and frozen food selling.

Table 2. Profile of respondents (n = 15)

Characteristic	Category	n	%
Sex	Female	10	66.7
	Male	5	33.3
Age (years)	20 to 30	2	13.3
	31 to 40	4	26.7
	41 to 50	5	33.3
	51 and above	4	26.7
Highest education	Elementary school	4	26.7
	Junior high school	5	33.3
	Senior high school	5	33.3
	Diploma or bachelor	1	6.7
Type of business	Spice trader	4	26.7
	Basic food and rice trader	4	26.7
	Culinary stall	3	20.0

Characteristic	Category	n	%
	Grocery stall	2	13.3
	Frozen food seller	2	13.3
Smartphone with internet	Owned personally	7	46.7
	Shared with family member	3	20.0
	Basic phone or none	5	33.3

Source: primary data (2025)

Level of digital literacy (RQ1)

Table 3 presents the distribution of responses to the five digital literacy items. The overall mean of the five items is 2.45, which falls in the low category and is close to the boundary of the moderate (basic) category. The only item with a mean above 3.00 is item 1 on operating a smartphone for daily communication (mean 3.20), where 7 respondents (46.7%) agreed. The lowest scores are for item 3 on using Google Maps or Google Business Profile (mean 1.93; 11 respondents or 73.3% disagreed or strongly disagreed) and item 4 on accepting QRIS or bank transfer payments (mean 2.13; 10 respondents or 66.7% disagreed or strongly disagreed). Only 3 respondents (20.0%) agreed that they use social media to promote their products, and only 2 respondents (13.3%) agreed that they can recognize the risks of digital transactions. Rather than showing good digital awareness, the data show that digital literacy is concentrated in basic device operation and has not reached business functions.

Table 3. Distribution of responses to digital literacy items (n = 15)

Item	SD	D	N	A	SA	Mean	Category
1. Operate smartphone for communication	2 (13.3)	3 (20.0)	3 (20.0)	4 (26.7)	3 (20.0)	3.20	Moderate
2. Use internet to find business information	3 (20.0)	6 (40.0)	3 (20.0)	3 (20.0)	0 (0.0)	2.40	Low
3. Registered on Google Maps or promote on social media	5 (33.3)	6 (40.0)	3 (20.0)	1 (6.7)	0 (0.0)	1.93	Low
4. Accept QRIS or bank transfer	4 (26.7)	6 (40.0)	3 (20.0)	2 (13.3)	0 (0.0)	2.13	Low
5. Recognize digital transaction risks	2 (13.3)	5 (33.3)	6 (40.0)	2 (13.3)	0 (0.0)	2.53	Low
Overall digital literacy						2.45	Low (basic)

Note. n (%). SD = strongly disagree, D = disagree, N = neutral, A = agree, SA = strongly agree. Category: 1.00 to 1.80 very low; 1.81 to 2.60 low; 2.61 to 3.40 moderate; 3.41 to 4.20 high; 4.21 to 5.00 very high.

The open ended answers confirm this pattern. When asked which digital tools they use for the business, 12 respondents mentioned only WhatsApp for personal communication with customers, 3 mentioned Facebook or WhatsApp status for occasional product photos, none had a logo or branded packaging, and only 1 respondent (R7, frozen food) had registered the business on Google Maps. The literacy that exists is therefore operational (using a phone) rather than strategic (using a phone to plan, brand, or market the business).

Level of readiness for digital transformation (RQ2)

Table 4 presents the responses to the five readiness items, grouped by TRI construct. After reverse scoring the two inhibitor items, the readiness index is 2.56, which is in the low category. The drivers are moderate: 6 respondents (40.0%) agreed that digital technology could increase their sales (optimism, mean 3.07), and 5 respondents (33.3%) agreed that they would like to try a new application if someone taught them (innovativeness, mean 2.87). The inhibitors are strong: 10 respondents (66.7%) agreed or strongly agreed that digital technology is complicated to use (discomfort, mean 3.73), and 11 respondents (73.3%) agreed or strongly agreed that they worry about the security of non cash transactions (insecurity, mean 3.87). Thirteen respondents (86.7%) agreed that they need direct mentoring before using digital tools. In TRI terms, readiness in this community is low because the inhibitors clearly outweigh the drivers, not because respondents reject the benefits of technology.

Table 4. Distribution of responses to technology readiness items by TRI construct (n = 15)

Item (TRI construct)	SD	D	N	A	SA	Mean	Category
6. Digital technology can increase sales (optimism)	1 (6.7)	4 (26.7)	4 (26.7)	5 (33.3)	1 (6.7)	3.07	Moderate
7. Willing to try new application if taught (innovativeness)	2 (13.3)	4 (26.7)	4 (26.7)	4 (26.7)	1 (6.7)	2.87	Moderate
8. Digital technology is complicated (discomfort)	0 (0.0)	2 (13.3)	3 (20.0)	7 (46.7)	3 (20.0)	3.73	High
9. Worry about security of non cash transactions (insecurity)	0 (0.0)	1 (6.7)	3 (20.0)	8 (53.3)	3 (20.0)	3.87	High
10. Need direct mentoring before using digital tools	0 (0.0)	0 (0.0)	2 (13.3)	9 (60.0)	4 (26.7)	4.13	High
Readiness index (items 6, 7, 8R, 9R)						2.56	Low

Note. n (%). Items 8 and 9 are inhibitors and were reverse scored (8R, 9R) in the readiness index, so a high raw mean on these items lowers readiness.

Barriers to digital adoption (RQ3)

The results of the questionnaire and open ended answers show that the low utilization of digital technology is related to the limited technological facilities owned by MSME actors. Five respondents (33.3%) said that they do not have adequate devices, such as smartphones with stable internet access; three of them share one phone with a family member and two use a basic phone without internet. On the other hand, there are MSME actors who have digital devices, but have not been able to use them optimally to support business activities (7 respondents own a smartphone with internet but use it only for WhatsApp). This condition shows that the ownership of digital devices has not been automatically followed by the ability to use technology productively.

In addition to the limitations of devices, the results of the questionnaire show that MSME actors have doubts about the use of digital payment systems. Eleven respondents (73.3%) still feel less confident in the security of non-cash transactions such as QRIS; in the open ended answers, 8 respondents mentioned fear of fraud or of money "not arriving," and 4 mentioned that they could not check the balance by themselves. Concern encourages MSME actors to continue using cash transactions because they are considered safer and easier to understand. Thus, the results of the questionnaire

illustrate that MSME digital barriers are not only technical, but also related to trust and understanding of digital technology.

The results of the interviews conducted directly provided a more in-depth explanation of the questionnaire's findings. Based on the interview, it is known that most MSME actors find it difficult to use digital technology because they are not used to it and lack previous experience. Age and business habit were raised spontaneously by 9 of the 15 respondents, all of whom were aged 41 years or older. R3 (spice trader, 58 years old) stated, "My customers have been the same for twenty years; they pay cash, I do not need an application." R11 (basic food trader, 47 years old) stated, "I am afraid of pressing the wrong button and losing money; my child handles the phone." R7 (frozen food, 29 years old), the only respondent registered on Google Maps, stated that the registration was done by a buyer and that she "does not know how to update it." Lack of continuous mentoring was mentioned by 13 respondents: 6 had attended a one day socialization from the village or a bank on QRIS, but none continued to use it because "nobody came back to help." Table 5 summarizes the barriers found in the three data sources.

Table 5. Summary of barriers to digital adoption from questionnaire, open ended questions, and interviews

Barrier	Questionnaire evidence	Open ended and interview evidence	TRI construct
Limited device and internet access	5 respondents (33.3%) without a personal smartphone with internet	Shared phone with family member (3); basic phone without internet (2)	Discomfort
Low technological understanding	Items 2 to 5 mean below 2.60	"Not used to it," "no previous experience" (12 respondents)	Discomfort
Distrust of non cash payment security	11 respondents (73.3%) agree or strongly agree with item 9	Fear of fraud or money "not arriving" (8); cannot check balance alone (4)	Insecurity
Age and cash based business habit	9 of 15 respondents aged 41 or above	Raised spontaneously by 9 respondents, e.g., R3, R11	Discomfort, low optimism
Absence of continuous mentoring	13 respondents (86.7%) agree or strongly agree with item 10	One day socialization attended by 6, none continued ("nobody came back to help")	Innovativeness not activated

Source: primary data (2025)

Discussion

The first finding, that digital literacy is at a low to basic level (mean 2.45) and concentrated in basic device operation, is consistent with Suwarni et al. (2019), who identified low digital literacy and human resource skills rather than lack of opportunity as the main obstacle for micro businesses, and with Sofyan and Agusman (2025), who found that MSME readiness for the digital economy is held back by technology literacy and the absence of sustainable mentoring. This study extends those findings by showing where exactly literacy stops: respondents can operate a phone for communication, but the items that connect a phone to business functions (promotion, location registration, non cash payment, and risk recognition) all score below 2.50. Desviona et al. (2025)

attributed low literacy to the lack of relevant training and the inability to manage data systematically; in Setupatok the data show that even the preceding step, using a device for a business purpose, has not been reached by most respondents.

The second finding concerns readiness. Read through the TRI, the community is not technology averse: 40.0% of respondents were optimistic that digital tools could increase sales and 33.3% were willing to try a new application if taught. What suppresses readiness are the inhibitors, discomfort (mean 3.73) and insecurity (mean 3.87). This profile corresponds to the "hesitator" or "avoider" segments described by Parasuraman and Colby (2015), in which positive beliefs coexist with strong anxiety and distrust. It also matches findings from TRI studies of small enterprises in developing economies, where insecurity and discomfort are the strongest predictors of non adoption (Lestari et al., 2025). The practical implication is that interventions must lower the inhibitors, for example by demonstrating transaction security in practice, rather than only promoting the benefits of digitalization, which respondents already partly accept.

The interview data can be interpreted through the TAM (Davis, 1989). Statements such as "my customers pay cash, I do not need an application" express low perceived usefulness: because the customer base is local and stable, respondents do not see how a digital tool would change their sales. Statements such as "I am afraid of pressing the wrong button" express low perceived ease of use. These two perceptions explain why the moderate optimism recorded in the questionnaire does not translate into adoption. This interpretation is consistent with Buchdadi et al. (2024) and Nurqamarani et al. (2024), who found that perceived ease of use and perceived risk are decisive for QRIS adoption by Indonesian micro traders, and it adds the observation that in a village market with repeat cash customers, perceived usefulness is low for structural reasons and not only because of limited knowledge.

The third finding, on barriers, shows that device limitation (33.3%), distrust of non cash payment (73.3%), age and habit (9 of 15 respondents), and the absence of continuous mentoring (86.7%) operate together. The age and habit barrier is consistent with evidence that older micro entrepreneurs with long established routines show lower intention to adopt digital tools (Putri & Rajaguguk, 2025). The mentoring barrier is the most actionable one. Six respondents had attended a one day QRIS socialization, yet none continued to use it, which shows that one way socialization without follow up practice does not change behavior. This supports Fuadi et al. (2021), whose systematic review found that empowerment of MSME actors toward the digital economy is effective when it is participatory and continuous, and Satriana et al. (2026), who recommended combining marketing and human resource strengthening in MSME digital transformation programs. The absence of Google Maps or Google Business Profile registration (14 of 15 respondents) is relevant because location visibility is one of the lowest cost digital steps for micro enterprises (Harahap et al., 2021)(Martiyanti et al., 2026)(Naimah et al., 2020); in this sample it was absent not because respondents rejected it but because nobody had shown them how.

Overall, this study confirms that MSME actors in Setupatok Village are still in the early stages of the digital transformation process. Although in the digital economy era, MSMEs are required to adapt in order to increase competitiveness, expand market share, and increase business efficiency, conditions on the ground show that readiness for digital

transformation still requires time and appropriate policy support. Compared with previous village level studies that reported low literacy descriptively (Nugroho et al., 2025)(Anatan & Nur, 2023), the contribution of this study is to show, with item level data, that the drivers of readiness are already present at a moderate level while the inhibitors are high, so that the bottleneck is trust and confidence rather than awareness. Therefore, a sustainable digital mentoring, education, and training program is needed, not just one-way socialization. With this support, it is hoped that MSME actors will not only know digital technology, but also be able to use it effectively in their business activities to achieve optimal digital readiness.

CONCLUSION

This study answers its three research questions as follows. First, the digital literacy of MSME actors in Setupatok Village is at a low to basic level (mean 2.45 of 5.00): most respondents can operate a smartphone for communication, but 73.3% do not use Google Maps or Google Business Profile and 66.7% do not accept QRIS or transfer payments. Second, readiness for digital transformation is low (TRI index 2.56): optimism and innovativeness are moderate, but discomfort (mean 3.73) and insecurity (mean 3.87) are high, so inhibitors outweigh drivers. Third, the barriers are limited device and internet access (33.3% of respondents), distrust of non cash transaction security (73.3%), age and established cash based habits (9 of 15 respondents), and the absence of continuous mentoring (86.7%), with one day socialization having produced no sustained adoption. The contribution of the study is the joint mapping of literacy, readiness, and barriers in one community of traditional commodity traders, which shows that the bottleneck is confidence and trust rather than awareness. The evidence based implications are that village governments and MSME assistants should provide practice based, repeated mentoring at the business location that demonstrates transaction security, starting with low cost steps such as Google Maps registration, rather than one way socialization. The study has limitations: the sample is small (n = 15) and limited to one village, the instrument was validated only through expert review and a small pilot, and the analysis is descriptive, so the findings cannot be generalized. Future research should apply the same instrument to a larger multi village sample, test the TRI constructs inferentially, and evaluate through a pre test and post test design whether continuous mentoring changes QRIS adoption and sales.

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