

Analysis of Affecting Factors Business Continuity in Lurik Weaving SME

Gabriella Arsani Linggom Silalahi¹, Dela Ayu Kaswadi^{2*}, Aris Eddy Sarwono³, Dewi Saptantinah Puji Astuti⁴

^{1,2,3,4}Accounting, Faculty of Economics, Slamet Riyadi University, Surakarta

*E-mail: delaayu9f@gmail.com

ABSTRACT

This study aims to analyze the effect of financial literacy, business climate, and use of financial information on business sustainability. This research is a survey research with a population of 160 Lurik Weaving SMEs in Mlese Village, Cawas District, Klaten Regency. Collection of data is by using a questionnaire. The types of research data used are quantitative data and qualitative data. The source of data in this study is primary data and the data collection technique used is observation. The sampling technique used is the slovin formula for 114 respondents. The data analysis technique uses Descriptive Statistics, Validity and Reliability Test, Classical Assumption Test and Multiple Linear Regression Analysis tested with the Statistical Package for the Social (SPSS). The results of this study indicate that financial literacy has a significant effect on business sustainability, business climate has a significant effect on business continuity, and the use of financial information has a significant effect on business sustainability. This study also uses control variables, namely business scale, business age, and education level, but business continuity is not influenced by the three control variables.

Keywords: *Financial Literacy, Business Climate, Use of Accounting Information, Business Continuity*

INTRODUCTION

Small and Medium Enterprises (SMEs) is a term that refers to the types of small businesses that have a maximum income of IDR 200 million with a number of workers under 20 people, Small and Medium Enterprises (SMEs) are also not subsidiaries or branch companies. Small and Medium Enterprises (UKM) in Mlese Village, Cawas District, Klaten Regency in the field of lurik woven fabrics are unique in the manufacturing process, namely using non-machine looms (ATBM) and the majority of this Small and Medium Enterprises (UKM) owners are elderly people. Phenomenas that are often encountered in Small and Medium Enterprises (SMEs) include a lack of knowledge about financial literacy, a non-conducive business environment, and a lack of use of accounting information in controlling financial statements.

Financial literacy is related to a person's ability to manage and plan finances. Financial Literacy (*financial literacy*) has become a particular concern in many countries in recent years, this is because every country wants to shape the way of thinking of their population in order to have a good financial mindset and quality in managing finances. Thus, it is hoped that it will have a positive impact on the economy of the country itself.

Financial literacy has become one of the focuses of government policies and financial institutions. There is concern that people tend to lack understanding regarding financial concepts and do not have the knowledge to manage and make financial decisions in the future. With this particular attention to financial literacy, it is hoped that the public will be more knowledgeable, capable and have skills in managing and making good financial decisions, so that they can contribute to financial system stability and can reduce vulnerabilities in the financial system in Indonesia. Financial literacy is very helpful in making choices and taking effective steps to improve financial well-being (Mega and Pipit, 2021).

Business development accompanied by a conducive business climate in a country is believed to be able to overcome various social problems through job creation (Lawal, 2018). Business climate will inspire entrepreneurs to be more innovative, creative and have the courage to take risks (Yudha Prakasa,

Yan Raka Putri, 2020). Business climate is considered as an influential environment that affects a business within a certain geographical boundary which has a large impact on the success or failure of a business. Business climate is also referred to as a set of location-specific factors that form opportunities and incentives for business actors to invest productively, create jobs, and develop themselves.

Another factor that is no less important in doing business is the use of accounting information. Many business actors still experience difficulties in understanding accounting information systems well, even though accounting information is very important in business success. Accounting information can be a reliable basis for decision making in the management of micro, small and medium enterprises (Supriyadi & Hidayatulloh, 2019). The use of accounting information provides information that is used as the basis for making business decisions.

The background of the problems described above, there are several problem formulations including whether financial literacy, business climate, and use of accounting information have a significant effect on business continuity. There is a problem formulation that this study aims to analyze the factors that affect business continuity in striated weaving SMEs. The theory that underlies the preparation of the application of accounting standards, namely:

- Resources-Based View (RBV) Theory

Resources-Based View (RBV) is a business management or tool used to determine the strategic resources available to a company. The fundamental principle of RBV is that the basis for the competitive advantage of a company lies in the application of valuable resources in the company. According to Kuncoro (2005) Resources-Based View (RBV) is a theoretical concept born from research by economists around the world, where this theory is believed to provide answers in creating competitive advantage for a company.

- Theory about the growth and development of SMEs

Leigh et.al (1990) suggested several factors that influence Micro, Small and Medium Enterprises (MSMEs) are:

- A successful product strategy.
- The ability of managers to create and exploit existing market opportunities and overcome difficulties that arise.
- Focused business differentiation, not too competitive on price, but that does not mean the company ignores the price factor, but rather emphasizes that price is not a factor where the company makes it a competitive advantage in the market.

METHOD

- **Thought Framework Scheme**

This research is a survey research on Small and Medium Enterprises (UKM) of Lurik Weaving to analyze the factors that affect business continuity in Lurik weaving SMEs in Mlese Village, Cawas District, Klaten Regency. These factors include financial literacy, business climate, and use of accounting information. This study examines three independent variables, namely financial literacy, business climate, and use of accounting information. And three control variables, namely business scale, length of business, and level of education. The research model framework is as follows:

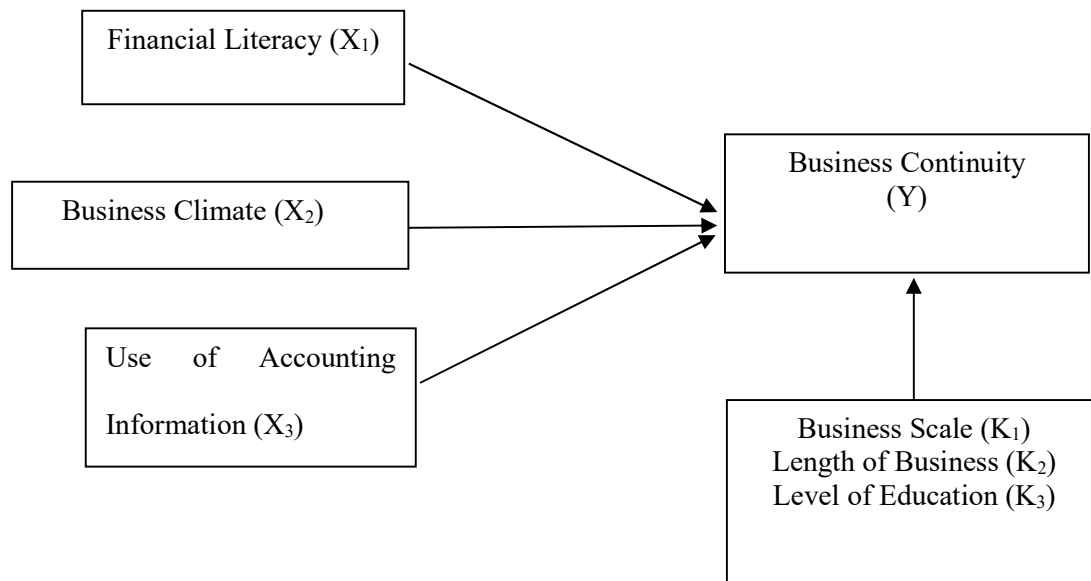


Figure 1. Research Model

- **The Scope of Research**

The scope of the research is a survey on Small and Medium Enterprises (UKM) of lurik weaving in Mlese Village, Cawas District, Klaten Regency. The reason the researcher chose the object of this research was because the researcher found a phenomenon that was in accordance with the theme and title of the study so that the information needed by the researcher was sufficiently available.

- **Data Types and Sources**

This type of research uses qualitative data and quantitative data, namely research data that explains a phenomenon based on things that generally cannot be calculated and which can be calculated. The use of the data is carried out because it is in accordance with the existing phenomena regarding the reporting information and financial information. The data source of this research is primary data. Primary data is a source of data collected by researchers directly without going through intermediaries.

- **Population and Sample**

Population is the whole object of a study. In this study, the population was 160 actors of Small and Medium Enterprises (UKM) Weaving Lurik in Mlese Village, Cawas District, Klaten Regency. The sample is part of the population whose characteristics will be studied. This study uses the slovin formula in data collection. Slovin's formula is a formula or formula to calculate the minimum number of samples if the behavior of a population is not known with certainty. Researchers determine the error margin or error rate of 5% or 0.05 of the total. The results show 114,285 when rounded to 114. The sample used in this study was 114 small and medium enterprises (SMEs) in Lurik Weaving in Mlese Village, Cawas District, Klaten Regency.

RESULT AND DISCUSSION

Result

Result

- **Characteristics of Respondents**

Respondents in the study were 144 Small and Medium Enterprises (SMEs) in Mlese Village, Cawas District, Klaten Regency. Based on the number of returned questionnaires, the sample used in this study was 114 respondents. Characteristics of respondents can be presented as follows:

Table 1. Characteristics of Respondents

Characteristics of Respondents	Category	Amount	Percentage (%)
Gender	Male	26	22.8%
	Female	88	77.2%
Age	< 30 years old	1	0.9%
	30-50 years	27	23.7%
	> 50 years	86	75.4%
Years of service	< 5 years	3	2.6%
	5-10 years	105	92.1%
	> 10 years	6	5.3%

Source: Primary Data processed, 2021

- **Descriptive Statistical Analysis**

The results of the descriptive analysis of financial literacy variables (X 1) obtained an average of 4.43. This average indicates that respondents agree about the importance of financial literacy in Lurik Weaving SMEs. The results of the descriptive analysis of the business climate variable (X 2) obtained an average of 3.85. This average indicates that respondents agree on the importance of the business climate in Lurik Weaving SMEs. The results of the descriptive analysis of the variable using accounting information (X 3) obtained an average of 4.40. This average indicates that respondents agree on the importance of using accounting information in Lurik Weaving SMEs. The results of the descriptive analysis of the business scale control variable (K 1) obtained an average of 4.31. This average indicates that respondents agree on the importance of business scale in Lurik Weaving SMEs. The results of the descriptive analysis of the control variable length of effort (K 2) obtained an average of 4.41. This average indicates that the respondents agree on the importance of business duration in Lurik Weaving SMEs. The results of the descriptive analysis of the education level control variable (K 3) obtained an average of 4.39. This average indicates that respondents agree on the importance of the level of education in Lurik Weaving SMEs.

- **Validity and Reliability Test**

- Validity Test

Validity test is used to test the questionnaire as an instrument (tool) in the study whether it is valid/appropriate to collect data. Validity test uses Pearson correlation product moment/Pearson correlation. The questionnaire criteria are said to be valid if the -value (probability value/significance) < 0.05.

Table 2. Validity Test

Variable	Questionnaire Items	-value (significance)	Criteria	Description
Financial Literacy (X ₁)	X1.1	0.000	= 0.05	Valid
	X1.2	0.000	= 0.05	Valid
	X1.3	0.000	= 0.05	Valid
	X1.4	0.000	= 0.05	Valid
	X1.5	0.000	= 0.05	Valid
Business climate (X ₂)	X2.1	0.000	= 0.05	Valid
	X2.2	0.000	= 0.05	Valid
	X2.3	0.000	= 0.05	Valid
	X2.4	0.000	= 0.05	Valid
	X2.5	0.000	= 0.05	Valid
Use of accounting information (X ₃)	X3.1	0.000	= 0.05	Valid
	X3.2	0.000	= 0.05	Valid
	X3.3	0.000	= 0.05	Valid
	X3.4	0.000	= 0.05	Valid
	X3.5	0.000	= 0.05	Valid

Business scale (K ₁)	K1.1	0.000	= 0.05	Valid
	K2.2	0.000	= 0.05	Valid
	K3.3	0.000	= 0.05	Valid
	K4.4	0.000	= 0.05	Valid
	K5.5	0.000	= 0.05	Valid
Length of business (K ₂)	K2.1	0.000	= 0.05	Valid
	K2.2	0.000	= 0.05	Valid
	K2.3	0.000	= 0.05	Valid
	K2.4	0.000	= 0.05	Valid
	K2.5	0.000	= 0.05	Valid
Education level (K ₃)	K3.1	0.000	= 0.05	Valid
	K3.2	0.000	= 0.05	Valid
	K3.3	0.000	= 0.05	Valid
	K3.4	0.000	= 0.05	Valid
	K3.5	0.000	= 0.05	Valid
Business continuity (Y)	Y1	0.000	= 0.05	Valid
	Y2	0.000	= 0.05	Valid
	Y3	0.000	= 0.05	Valid
	Y4	0.000	= 0.05	Valid
	Y5	0.000	= 0.05	Valid

Source: Primary Data Processed, 2021

The Pearson Correlation table above shows that for the questionnaire obtained a significance value (ρ -value) = 0.000 < 0.05, then all variable questionnaire items are valid.

- Reliability Test

Reliability test is used to test the reliability of the questionnaire. The questionnaire is said to be reliable if the respondent's answers are consistent from time to time. The questionnaire is reliable if the Cronbach Alpha value is > 0.60.

Table 3. Reliability Test

Reliability Statistics		
Variable	Cronbach's Alpha	N of Items
Financial literacy	.617	5
Business climate	.632	5
Use of accounting information	.703	5
Scale enterprises	.632	5
Length of business	.602	5
Level of education	.660	5

Source: Primary Data Processed, 2021

The table above shows that the Cronbach Alpha value for each variable is > 0.60, so the questionnaire on each variable is reliable.

- Classic Assumption Test

- Normality Test

Table 4. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		114
Normal Parameters ^{a,b}	mean	0E-7
	Std. Deviation	1.14724985

Most Extreme Differences	Absolute Positive	.106
	negative	.071
Kolmogorov-Smirnov Z		-.106
asyp. Sig. (2-tailed)		1.136
		.151

a. Test distribution is Normal.

b. Calculated from data.

Source: Primary Data Processed, 2021

- Multicollinearity Test

Table 5. Multicollinearity Test

Model	Coefficients ^a						Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.			
	B	Std. Error	Beta			Tolerance	VIF	
	(Constant)	2.468	2.409	1.025	.308			
	Financial Literacy	-121	.057	.132	2,123	.036	.817	1,223
	Business Climate	-124	.058	.123	2,142	.034	.959	1.043
	Use of Act Info	.705	.063	.714	11.224	.000	.780	1,283
1	Scale enterprises	-.043	.040	-.062	-1.084	.281	.955	1.047
	Business Age	-.018	.044	-.023	-.399	.691	.970	1.031
					-			
	Level of Education	-.005	.039	-.007	.1	.902	.937	.067
					2			
					3			

a. Dependent Variable: Work In progress

Source: Primary Data Processed, 2021.

The results show the value of tolerance X1 (financial literacy) = 0.817, X2 (business climate) = 0.959, X3 (use of accounting information) = 0.780, K1 (business scale) = 0.955, K2 (length of business) = 0.970, K3 (level of education) = 0.937 > 0.10 and the value of VIF X1 (financial literacy) = 1.223, X2 (business climate) = 1.043, X3 (use of accounting information) = 1.283, K1 (scale of business) = 1.047, K2 (time of business) = 1.031, K3 (level of education) = 1.067 < 10. This indicates that there is no multicollinearity or that the regression model passes the multicollinearity test.

- Heteroscedasticity Test

Table 6. Heteroscedasticity Test Without Control Variables

Model	Coefficients ^a			T	Sig.	
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
	(Constant)	.007	.004		1,629	.106
1	WLS_X1	-.049	.036	-.243	-1.381	.170
	WLS_X2	-.001	.037	-.004	-.020	.984
	WLS_X3	-5.347E-006	.000	-.279	-1,235	.219

a. Dependent Variable: ABSRES_3

Source: Primary data processed, 2021

After the WLS test, the following results were obtained:

The results show the p-value (significance) of the variable X1 (Financial Literacy) = 0.170, X2 (Business Climate) = 0.984 and X3 (Use of Accounting Information) = 0.210 > 0.05, this means that there is no heteroscedasticity (passed the heteroscedasticity test).

Table 7. Heteroscedasticity Test of Control Variables

Model	Coefficients ^a			T	Sig.	
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
(Constant)	1.154	1.049		1.101	.273	
1	Scale enterprises	.036	.026	.130	1.383	.169
	Business Age	-.014	.030	-.046	-.486	.628
	Level of Education	-.037	.026	-.134	-1.420	.158

a. Dependent Variable: ABSRES_4

Source: Primary data processed, 2021

- Autocorrelation Test

Table 8. Autocorrelation Test

Runs Test	
	Unstandardized Residual
Test Value ^a	.10852
Cases < Test Value	57
Cases >= Test Value	57
Total Cases	114
Number of Runs	53
Z	-.941
asymp. Sig. (2-tailed)	.347

a. median

Source: Primary data processed, 2021

The results show an insignificant condition 0.347 > 0.05, this means that there is no autocorrelation (free of autocorrelation).

- Multiple Linear Regression Analysis
 - Regression Equation Test

Table 9. Regression Equation Test

Model	Coefficients ^a			t	Sig.	
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
(Constant)	2.468	2.409		1.025	.308	
1	Financial Literacy	-.121	.057	.132	2,123	.036
	Business Climate	-.124	.058	.123	2,142	.034
	Use of Act Info	.705	.063	.714	11.224	.000
	Scale enterprises	-.043	.040	-.062	-1.084	.281
	Business Age	-.018	.044	-.023	-.399	.691
	Kindergarten Education	-.005	.039	-.007	-.123	.902

a. Dependent Variable: OngoingBusiness

Source: Primary data processed, 2021

The table above is obtained by the Regression Equation:

$$Y = 2.468 + 0.121 X_1 + 0.124 X_2 + 0.705 X_3 - 0.043 K_1 - 0.018 K_2 - 0.005 K_3 + e$$

The interpretation of the regression equation above is that the variables of financial literacy, business climate, and the use of accounting information have a positive effect on business continuity

in striated weaving SMEs. While the control variables of business scale, length of business, and level of education have a negative effect on business continuity.

• **T-Test**

Table 10. t-test

		Coefficients ^a			t	Sig.
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	2.468	2.409		1.025	.308
	Financial Literacy	-121	.057	.132	2,123	.036
	Business Climate	-124	.058	.123	2,142	.034
	Use of Act Info	.705	.063	.714	11.224	.000
	Scale enterprises	-.043	.040	-.062	-1.084	.281
	Business Age	-.018	.044	-.023	-.399	.691
	Level of Education	-.005	.039	-.007	-.123	.902

a. Dependent Variable: Work In progress

Source: Primary data processed, 2021

The results obtained indicate H₁ which states that the (financial literacy significant effect on business continuity proven true, H₂ which states that the business climate significantly influence business continuity proven true, H₃ which states that the use of accounting information have a significant effect on the sustainability of the business proved to be true, variable control (K₁), (K₂), (K₃) stated that the business scale, length of business, and level of education had a significant effect on business continuity which was not proven to be true.

• **T-Test**

Table 11. t-test

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	289,915	3	96,638	70,581	.000 ^b
	Residual	150,611	110	1.369		
	Total	440.526	113			

a. Dependent Variable: Ongoing Business

b. Predictors: (Constant), Use of Act Info, Business Climate, Financial Literacy

Source: Primary data processed, 2021

The results of the calculation of the ANOVA table indicate that this regression model has a calculated F value of 70.581 with a significance value (p value) of 0.000 < 0.05. So H₀ is rejected and H_a is accepted, meaning that the model is right in predicting the effect on Y (Business Continuity).

• **Coefficient of Determination Test (R²)**

Table 12. Test coefficient of determination (R²)

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.811 ^a	.658	.649	1.17013	.658	70,581	3	110	.000

a. Predictors: (Constant), Use of Accounting Information, Business Climate, Financial Literacy

Source: Primary data processed, 2021

The results showed that the coefficient of determination (adjusted R²) for this model is equal to 0.649, meaning that the effect of the contribution of independent X₁ (Financial Literacy), X₂ (Business Climate) and X₃ (Use of Accounting Information) to Y (Business Continuity) amounted to 64.9%. The rest (100% - 64.9%) = 35.1% is explained by other variables outside the model such as financial

inclusion, product innovation, market orientation, *e-marketing*

Discussion

The results obtained indicate H_1 which states that the (financial literacy significant effect on business continuity proven true, H_2 which states that the business climate significantly influence business continuity proven true, H_3 which states that the use of accounting information have a significant effect on the sustainability of the business proved to be true, variable control (K_1), (K_2), (K_3) stated that the business scale, length of business, and level of education had a significant effect on business continuity which was not proven to be true.

CONCLUSION AND SUGGESTION

Conclusion

Based on the results of the research above, it can be concluded as follows:

- Financial literacy has a significant effect on business continuity in striated weaving SMEs in Mlese Village, Cawas District, Klaten Regency
- Business climate has a significant effect on business continuity in striated weaving SMEs in Mlese Village, Cawas District, Klaten Regency
- The use of accounting information has a significant effect on business continuity in striated weaving SMEs in Mlese Village, Cawas District, Klaten Regency.
- The control variable of Business Scale has a significance level of $0.445 > 0.05$. These results indicate that the control variable of Business Scale has no effect on Business Continuity in Lurik weaving SMEs in Mlese Village, Cawas District, Klaten Regency.
- The control variable of Business Age has a significance level of $0.691 > 0.05$. These results indicate that the control variable of Business Age has no effect on Business Continuity in Lurik weaving SMEs in Mlese Village, Cawas District, Klaten Regency.
- The control variable Education Level has a significance level of $0.902 > 0.05$. These results indicate that the control variable Education Level has no effect on Business Continuity in Lurik weaving SMEs in Mlese Village, Cawas District, Klaten Regency.

Suggestion

Suggestions that can be given by this research are as follows:

- Lurik weaving SMEs in Mlese Village, Cawas District, Klaten Regency should develop more interest in the importance of financial literacy knowledge in order to improve the quality of their financial reports.
- Lurik weaving SMEs in Mlese Village, Cawas, Klaten should further improve conducive business conditions and be able to choose strategic places in marketing their products.
- Lurik weaving SMEs in Mlese Village, Cawas, Klaten should take advantage of the use of accounting information to ensure the quality of financial reports for their businesses.
- Future researchers should conduct research on other variables that can also affect business sustainability, such as product innovation, financial inclusion, *e-marketing*, market orientation.

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