Research Horizon

Vol. 2, no. 1, (2022), 270-281
Website: http://journal.publindoakademika.com/index.php/RH

Analysis of Business Growth of Batik MSMEs in the Covid-19 Pandemic

Rina Rachmawati [1, *], Sicilia Sawitri [1], Musdalifah [1], Wulansari Prasetyaningtyas [1]

[1] *Faculty of Engineering, Semarang State University, Semarang, Indonesia*

[*] Corresponding author:
rinarachmawati.unnes@gmail.com

Received : Oct 25, 2021
Revised : Jan 19, 2022
Accepted : Feb 04, 2022

Abstract

The rapid spread of the COVID-19 virus to various parts of the world has an impact on the world economy, both in terms of trade, tourism and investment. Small and Medium Enterprises (MSMEs) have felt the significant impact of Covid 19. The batik industry is also affected because it involves imported raw materials, although there are some batik industries that can escape the hustle and bustle of the impact of COVID-19 and are able to experience business growth. This study will analyze the business growth of batik SMEs, especially Kauman Pekalongan batik and the factors that influence business growth are business management. The purpose of this research is on the growth conditions of the Pekalongan Batik MSME business during the Covid 19 Pandemic. This study uses a grand theory, namely the theory of finance and the theory of entrepreneurship. The results showed that there was a decrease in operating income, a sluggish batik market from both the consumer and business perspective, difficulty in distributing raw materials and rising material prices which caused several businesses to close and shift their business lines. And judging from the analysis of business growth, 47% of the business growth of Batik SMEs in Batik Pekalongan village is influenced by business management which consists of business financial management, production management, entrepreneurial characteristics and digital technology. The limitations of the study due to the PPKM which made it difficult to access research data had an impact on the time of the study.

Keywords

Business Growth, MSMEs, Batik Pekalongan, Pandemic Covid 19

1. Introduction

The Covid-19 pandemic has shaken the economies of countries around the world, and Indonesia is no exception. Small and Medium Enterprises (MSMEs) have felt the significant impact of Covid 19. But there are some MSMEs who are not too affected by the Covid 19. They survive because of the fighting power of their owners and the scale of the business that is still flexible. This is like the 2008 monetary crisis, MSMEs were able to survive by relying on their creativity and excellence. Entrepreneurs are people who are attached to change, high uncertainty, innovation and creativity to improve their welfare and that of others (Hisrich & Peters 1992; Ulwan, 2021). The weakening of the Indonesian economy will have an impact on all industries in Indonesia, including the batik industry. The batik industry involves imported raw materials, although there are some batik industries that can escape the hustle and bustle of the impact of COVID-19 and are able to experience business growth. This is because batik still has its own loyal customers, and batik entrepreneurs dare to shift the type of business they do. However, there are some batik industries that have experienced a decline in business. And they made various efforts to continue to maintain their business, namely by 1) not producing new batik, 2) focusing on selling previously produced goods, and 3) changing production to producing masks and home clothes (dress and pajamas).

Several studies have examined the business growth factors of MSMEs. Previous research, among others, was conducted by January (2017) which examined the influence of internal and external factors on the development of MSMEs. With internal factors, among others: capital, human resources, business network (marketing). External factors, among others: business climate, business facilities and infrastructure and market access. Research conducted by Tambunan (2002) which examines the growth of MSME business which consists of: Capital and business finance. Then Sarwoko (2017) who examines MSME business growth which is influenced by: raw materials and technology, then divides it into 2 factors, namely internal and external factors, which include capital, marketing, raw materials, technology, management, bureaucracy, and partnerships. Trimarjono (2014) research examines business development, including: production volume, product diversification, business finance, quality products, human resources, increasing assets and turnover. This study will analyze the business growth of batik SMEs, especially Kauman Pekalongan batik. This study will analyze the factors that influence the business growth of batik SMEs in particular in Kampung Batik Kauman Pekalongan, these factors are business management which has indicators including: business capital, marketing, production of raw materials, entrepreneurial characteristics, and use of technology. The big impact of the results of this research is the mapping of the factors that need to be developed and assisted for Batik MSMEs affected by the Covid 19 pandemic.

Based on relevant agency data, data from field studies, and previous empirical research related to Pekalongan Batik SMEs, it was found that several obstacles and obstacles faced by Pekalongan Batik SMEs during the covid 19 pandemic. These obstacles include: (1) reduced consumer demand for batik, (2) lack of professional assistance, as well as (3) constraints on business financial management, and (4) constraints on motivation to always be consistent in

entrepreneurship. The four main obstacles will have an impact on the growth of MSME businesses which are considered by researchers to conduct research.

Judging from the description above, the purpose of this study is to answer the questions: (1) how is the business growth of Pekalongan batik SMEs during the Covid 19 Pandemic, (2) how is business capital, marketing, raw material production, entrepreneurial characteristics, and the use of technology in Pekalongan Batik SMEs during the Pandemic Covid 19, and (3) the contribution of business capital factors, marketing, production of raw materials, entrepreneurial characteristics, and the use of technology to the business growth of Pekalongan Batik SMEs.

The final objective of this research is the findings and detailed description of the business growth conditions of the Pekalongan Batik MSMEs during the COVID-19 pandemic in terms of business management, which consists of business capital, marketing, production of raw materials, entrepreneurial characteristics, and the use of technology.

2. Literature review

2.1 State of the art

The discussion on business growth can be explained using the main theories, namely Entrepreneurship Theory and Theory of Finance. Business growth is derived from the theory of Entrepreneurship, while the supporting factors for business growth are derived from one of the financial theories of Entrepreneurship Theory. Schumpeter (1982) states that entrepreneurship generates novelty in resources, including resources: raw materials, methods, products, markets and organizations. Entrepreneurship theory developed into several theories: 1). Economic entrepreneurship theory (Schumpeter & Nichol, 1934); 2). Pyschological theory of entrepreneurship (McClelland, 1961; Rotter, 1966); 3). Resources based entrepreneurship theory (Alvarez & Busenitz, 2001). In this study, the theory of entrepreneurship will be derived again with the theory of entrepreneurial finance, as an initial guide to the entrepreneurial dimension of SMEs. The theory of finance was first expressed by Fama & Miller (1972). Which explains that individuals will allocate various combinations of limited resources over time. The emphasis is that these resources are obtained from two things, namely (1) provided either internally or externally and (2) how the resources are allocated.

Financial behavior or financial behavior relates to how a person treats, manages, and uses the financial resources available to him. Individuals who have responsible financial behavior tend to be effective in using the money they have, such as making a budget, saving money, controlling spending, investing, and paying obligations on time (Nababan & Sadalia, 2013). Resource Based Theory explains that employees are the main driving force for the company. Company performance depends on the ability of employee performance. Resource-Based View (RBV) is an applied theory of strategic human resources management that can be used to develop models and enable prediction and understanding of the impact of resource practices on organizational functioning. Previous research on Resource Based Theory is looking for the relationship between data sources and business continuity and competitive advantage (Nupus & Ichwanudin, 2021; Barney, 1991; Peteraf, 1993). Resource Based Theory will be used as the main reference theory for the entrepreneurial dimension variables in this study. The theory of human resources

(Resource Based Theory) which will then be derived again with the theory of resources based entrepreneurship theory.

2.2. Business Growth

In general, business growth is measured by sales growth, employment growth, and financial indicators such as increased profits, increased asset values, return on assets, return on investment, and so on (Pambayun, 2021). Growth puts pressure on financial resources, human resources, worker management, and employers' time. The last measurement of company growth is through measuring the growth of its own capital (Agus, 2010). MSME business sustainability can be measured by the level of success of MSMEs when innovating, success in managing employees, another indicator is the ability of MSMEs to be able to generate business profits and return their initial capital. In other words, MSMEs have an orientation to develop, seize opportunities, and are able to innovate on an ongoing basis (Hudson et al., 2001).

MSME business growth in this study uses indicators such as: 1) business capital, 2) marketing, 3) raw material production, 4) entrepreneurial characteristics and 5) technology utilization.

2.3. Impact of Covid 19 on MSMEs

The great shocks faced by MSMEs are increasingly felt during the Covid-19 pandemic. Many MSMEs who do not have the preparation will have to close their businesses. But there are also many MSMEs that during the pandemic were able to survive, have new business lines and develop their businesses. Things that are done so that the business can survive and not collapse, among others: 1) shift the focus of the business, 2) provide services by relying on technology, 3) manage Cash Management and 4) share with others. In times like this, using technology is a creative way. COVID 19 has had a huge impact on the economy, and of course has had an impact on the growth of MSME businesses. COVID-19 can affect the global economy through three channels: 1) Direct impact on production, 2) Supply chain and market disruption, and 3) Financial impact on companies and financial markets.

The government has prepared social assistance for the informal sector and economic stimulus for MSMEs to maintain purchasing power in the midst of economic pressure due to the Covid-19 outbreak. Business actors who receive loans of less than Rp. 10 million will receive a loan restructuring program to postpone interest installments. The government directs that the MSME loan restructuring program, postponement of interest installments, is also given not only to KUR recipients or loan recipients through PIP which is channeled through PNM with the Mekaar ULaMM program, and Umi, Pegadaian, and also LPDB (Revolving Fund Management Agency). It was also conveyed about the abolition of taxes for MSMEs for 6 months (Masduki, 2020).

2.4 Research hypothesis

H1: There is an effect of working capital on the business growth of Pekalongan Batik SMEs.

H2: There is an effect of raw material production on the business growth of Pekalongan Batik SMEs.

H3: There is an influence of entrepreneurial characteristics on the business growth of Pekalongan Batik SMEs.

H4: There is an effect of using technology on the business growth of Pekalongan Batik SMEs.

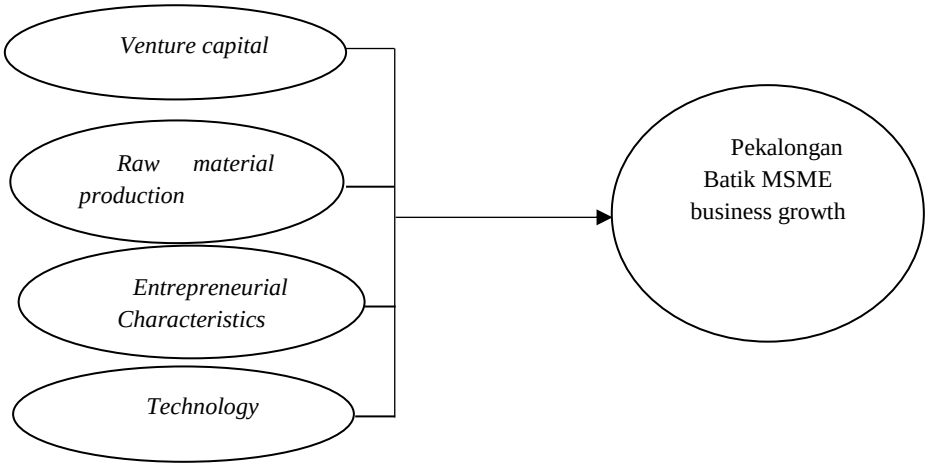

Figure 1. Theoretical Model

2.6. Research methodology

Batik is one way of making clothing. In addition, batik can refer to two things. The first is a fabric dyeing technique using wax to prevent partial staining of the fabric. The second definition is cloth or clothing made with this technique, including the use of certain motifs that have specific characteristics. Batik is considered more than just the fruit of the Indonesian people's mind. Because it has become a national identity, through carvings of unique symbols, charming colors, and designs that are second to none.

Table 1. Questionnaire data

No	Description
1	respondent population data = 39 valid data for data processing = 33
2	Financial management indicators (X1) = 15 indicators Production management indicators (X3) = 9 indicators Indicators of entrepreneurial characteristics (X4) = 9 indicators Technology benefits indicator (X5) =4 indicators MSME growth indicator (Y) = 5 indicators

There is the largest batik center in Pekalongan, namely Kampung Batik Kauman Pekalongan. Kampoeng Batik Kauman Pekalongan is an effort of the local community to rehabilitate Batik both as an artistic and cultural product as well as batik as the economic strength of the people of Kauman village in particular and Pekalongan City in general. Most of the batik craftsmen in Pekalongan are divided into 3 groups, namely: 1) Entrepreneurs with large capital, 2) Batik craftsmen (barbarian) and 3) Independent entrepreneurs.The types of data are primary data and secondary data. Primary data was obtained by in-depth interviews with business owners of Batik MSMEs Pekalongan (Table 1). The research population is the owner of the Batik business in the

village of Kauman Pekalongan. The sampling technique that will be used in this study is non-probability sampling with a purposive sampling approach used (Sekaran & Bougie, 2016). The population is 36 respondents of batik SMEs in Kauman Village, Pekalongan. The number of samples is 33 respondents. This research model tends to be recursive, consisting of latent variables and observed variables. The variable of growth of MSME business, proxied by 1) business capital, 2) production of raw materials, 3) entrepreneurial characteristics and 4) technology. The collected data were analyzed using a structural equation model based on partial least squares. Smart PLS 3.0 software is used to help analyze the relationship between variables. The proposed research model is processed by SEM-PLS analysis through the WarpPls program.

3. Empirical Result

3.1. Impact of Covid 19 on MSMEs

During the Covid 19 pandemic, it had a huge impact on batik SMEs, especially in Pekalongan Batik Village. Many batik craftsmen have closed and left their businesses, due to limited capital and markets. COVID 19 has greatly impacted the economy of craftsmen in the Kauman batik village. The impact of COVID-19 affects the income and business of craftsmen in the Kauman batik village, Pekalongan. Among other things, the impact on production is that they find it difficult to distribute the supply of product materials originating from outside Java. This is due to PPKM restrictions so that it is difficult for raw materials to enter Pekalomgan. As well as the increase in the price of raw materials up to 2 times. Supply chain and market disturbances, such as: difficulty for batik craftsmen to send orders to large consumers in Jakarta. So that a lot of stock is piling up in the warehouse and the process is allegedly going to stop. Then the decline in market demand for large consumers such as consumers in Jakarta. And the quietness of the Pekalongan batik market as a center for selling batik in Pekalongan. Financial impact on craftsmen. Because the average craftsmen still use their own capital and financial bookkeeping is still simple, it is difficult for craftsmen to get an injection of funds from third parties, so that the production process and business marketing are hampered or even stopped.

Judging from the difficulties above, there are still some Batik MSMEs in Pekalongan Batik Village which during the pandemic were able to survive, they survived by having new business lines. This is the readiness of business owners who are willing and able to think creatively and take business profit niches in narrow conditions like today. Things that batik craftsmen or entrepreneurs do include producing home clothes, such as negligee and pajamas, producing masks, looking for suppliers of batik cloth and medicine from suppliers in Java, developing digital skills, they are getting to know Instragam, business facebook and other online media platforms to introduce their products, rearranging the stock of goods and keeping business financial books neatly for the benefit of lending funds to third parties (banks).

Based on the results of interviews with batik craftsmen in Pekalongan Batik Village, some of the craftsmen who previously had loan funds from the bank received several loan waivers. This is in accordance with government policies, namely regulations that prepare social assistance for the informal sector and economic stimulus for Micro, Small and Medium Enterprises. Loan restructuring for batik craftsmen in Kampung Batik Pekalongan is that craftsmen who receive loans below Rp. 10 million will receive a loan restructuring program to postpone interest

installments, postpone interest installments, are also given not only to small credit recipients or loan recipients through PIP which are distributed through PNM with the program Mekar ULaMM, and Umi, Pegadaian, and also LPDB (Revolving Fund Management Agency). Then there are also facilities in the form of eliminating taxes for MSMEs for 6 months.

3.2 The results of the analysis of MSME business growth data.

The proposed research model as shown in Figure 1 below will be processed with SEM-PLS analysis through the WarpPls program.

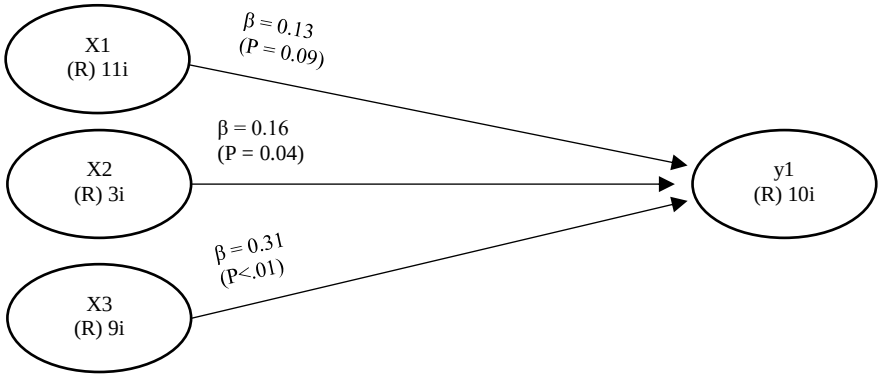

Figure 1. Full Model

The empirical model in the picture above explains that the exogenous variables X1 (Business Finance Management), X3 (Production Management), and X5 (Utilization of technology) affect the endogenous variable Y1 (Business Growth) at a significance level of 1%, while the exogenous variable X4 (Business Characteristics) has a positive effect on the endogenous variable Y (Business Growth) at a significance level of 5%. The general results are shown in Table 2.

Table 2. Output General Results

Model Fit and Quality Indices	
Average path coefficient (APC) = 0.201, P = 0.008	
Average R-squared (ARS) = 0.289, P < 0.001	
Average adjusted R-squared (AARS) = 0.268, P < 0.001	
Average block VIF (AVIF) = 2.293, acceptable if < = 5, ideally < = 3.3	
Average full collinearity VIF (AFVIF) = 2.121 acceptable if < = 5, ideally < = 3.3	
Tenenhaus GoF (GoF) = 0.395, small > + 0.1, medium > + 0.25, large > + 0.36	
Sympson's paradox ratio (SPR) = 1.000, 1.000, acceptable if > = 0.7, ideally = 1	
R-squared contribution ratio (RSCR) = 1.000, acceptable if > =0.9, ideally = 1	
Statistical Suppression ratio (SSR) = 1.000, acceptable if > = 0.7	
Nonlinear bivariate causality direction ratio (NLBCDR) = 1.000, acceptable if > = 0.7	
General Model Elements	
Missing data imputation algorithm	: Arithmetic Mean Imputation
Outer model analysis algorithm	: PLS Regression
Default inner model analysis algorithm	: Warp3
Multiple inner model analysis algorithms used?	: Yes
Resampling method used in the analysis	: Stable3
Number of data resamples used	: 100

Number of cases (rows) in model data	: 104
Number of latent variables in model	: 4
Number of indicators used in model	: 33
Number of iterations to obtain estimates	: 6
Range restriction variable type	: None
Range restriction variable	: None
Range restriction variable min value	: 0.000
Range restriction variable max value	: 0.000
Only ranked data used in analysis?	: No

The fit indices and P values model section displays the results of three fit indicators, namely average path coefficient (APC), average R-squared (ARS), and average variance inflation factor (AVIF). P values are given for the APC and ARS indicators which are calculated by resampling estimates and Bonferroni like corrections. This is necessary because both are calculated as the average of the parameters.

Furthermore, based on the picture below which presents the estimation results of the path coefficient and p value, it explains that the Business Finance Management variable (X1) has a positive effect (0.359) on Business Growth (Y1) and is significant with a p value of 0.010 (< 0.01); Production Management variable (X3) has a positive effect (0.397) on Business Growth (Y1) and is significant with a p value of 0.005 (< 0.01); Business Characteristics variable (X4) has a positive effect (0.260) on Business Growth and is significant with a p value of 0.051 (< 0.1); Technology Utilization variable (X5) has a positive effect (0.375) on Business Growth (Y1) and is significant with a p value of 0.007 (< 0.01)

The output shows the output effect size which presents the results of the f-squared effect size (Cohen, 1988). Effect size is calculated as the absolute value of the individual contribution of each predictor latent variable on the R-squared value of the criterion latent variable. The estimation results show that the effect size of the influence of Business Financial Management (X1) on Business Growth (Y1) is 0.119; the effect of Production Management (X3) on Business Growth (Y1) is 0.120; the effect of Business Characteristics (X4¬) on Business Growth (Y1) is 0.059; The effect of Technology Utilization (X5) on Business Growth (Y1) is 0.109. The results of the influence of X1, X3, X4, and X5 on Y1 are classified as medium. These results indicate that X1, X3, X4, and X5 both play an important role from a practical perspective in increasing business growth (Y1).

The output is used to report the results of the convergence validity test of the measurement instrument (questionnaire). Convergent validity is part of the measurement model which in SEM-PLS is usually referred to as the outer model, while in covariance-based SEM it is called confirmatory factor analysis (CFA). This output displays the constructs on the columns and their indicators on the rows. The following figure shows the loading of the structure matrix (unrotated) and the cross-loading of the pattern matrix (rotated).

Table 3 showed that the X1.12 indicator has a larger loading to the X1 construct, which is 0.728. The cross loading to the X3 construct is -0.118, the X4 is -0.016, the X5 is -0.298 and the Y is 0.128, where all four of these constructs cross loading is lower than the X1 construct. The results of these cross-loadings can also be an indication of the fulfillment of discriminant validity criteria.

Table 3. Output Combined Loadings and Cross-Loadings

	x3	x4	x5	y1	x1	Type (as defined)	SE	P Value
x3.2	(0.666)	0.077	0.361	-0.180	0.132	Reflective	0.127	<0.001
x3.3	(0.680)	-0.357	-0.357	0.286	-0.234	Reflective	0.126	<0.001
x3.4	(0.722)	-0.119	-0.119	0.124	-0.078	Reflective	0.124	<0.001
x3.8	(0.458)	0.193	0. 193	-0.369	0.279	Reflective	0.140	0.001
x4.1	0.018	(0.897)	-0.073	0.136	-0.031	Reflective	0.114	<0.001
x4.2	-0.306	(0.459)	-0.352	0.343	-0.339	Reflective	0.140	0.001
x4.4	0.184	(0.678)	0.336	-0.415	0.271	Reflective	0.126	<0.001
x5.1	-0.162	-0.016	(0.785)	0.219	-0.110	Reflective	0.120	<0.001
x5.2	0.162	0.016	(0.785)	-0.219	0.110	Reflective	0.120	<0.001
y1.2	0.076	-0.097	0.076	(0.864)	-0.015	Reflective	0.116	<0.001
y1.4	0.047	0.369	-0.206	(0.583)	0.155	Reflective	0.132	<0.001
y1.5	-0.176	-0.246	0.102	(0.529)	-0.147	Reflective	0.136	<0.001
x1.5	-0.058	-0.246	-0.195	0.074	(0.690)	Reflective	0.126	<0.001
x1.11	-0.070	-0.020	0.111	-0.264	(0.664)	Reflective	0.128	<0.001
x1.12	-0.118	-0.016	-0.298	0.128	(0.728)	Reflective	0.123	<0.001
x1.13	0.137	0.174	0.329	0.081	(0.679)	Reflective	0.126	<0.001
x1.14	0.109	0.107	0.077	0.045	(0.724)	Reflective	0.124	<0.001

Notes: Loadings are unrotated and cross-loading are oblique-rotated. SEs an P values are for loadings. P values < 0.05 are desirable for reflective indicators

Some of the results displayed include the coefficient of determination, instrument reliability, discriminant validity, full collinearity test, and predictive validity. The coefficient of determination uses R-squared. R-squared construct Y1 of 0.407 indicates that the variance of Business Growth performance (Y1¬) can be explained by 40.7% by the variance of Business Financial Management (X1), Production Management (X3), Business Characteristics (X4), and Technology Utilization (X5). The estimation results of the model in this study show good predictive validity (ie 0.397) because it is above zero.

The output in Table 4 shows the full collinearity VIF value is less than 3.3 so that the model is free from problems of vertical, lateral collinearity and common method bias. The mathematical regression equation for the research model which is classified as moderate (R-square or Adjusted R2 0.45) and has moderate predictive relevance (≥ 0.15).

Table 4. Output Laten Variable Coefficients

	x3	x4	x5	y1	y1
R-squared				0.407	
Adj. R-squared				0.322	
Composite reliab.	0.730	0.731	0.762	0.705	0.824
Cronbach's alpha	0.610	0.444	0.376	0.371	0.732
Avg. var. extrac.	0.410	0.492	0.616	0.455	0.484
Full collin. VIF	1.094	1.031	1.073	1.096	1.165
Q-Squared				0.397	
Min	-2.781	-1.634	-1.407	-2.294	-2.185
Max	1.876	1.819	1.495	2.088	2.205
Median	-0.051	0.088	-0.440	-0.103	0.134
Mode	-0.051	-0.091	-0.440	-0.103	0.532
Skewness	-0.395	-0.062	0.037	-0.123	-0.082
Exc. Kurtosis	0.510	-1.132	-1.111	-0.234	-0.411
Unimodal-RS	Yes	Yes	Yes	Yes	Yes
Unimodal-KMV	Yes	Yes	Yes	Yes	Yes
Normal-JB	Yes	Yes	Yes	Yes	Yes
Normal-RJB	Yes	Yes	Yes	Yes	Yes
Histogram	View	View	View	View	View

Notes: Unimodal-RS = Rohalgi-Szekely test of unimodality; Unimodal-KMV = Klaassen-Mokveid-van Es test of unimodality; Normal-JB = Jarque-bera test of normality; Normal-RJB = robuat Jarque-Bera test of normality; click on "View" cell to see corresponding histogram

4. Discussion

The influence of Business Financial Management on the business growth of Pekalongan Batik MSMEs, proves that Business Financial Management has an effect on the business growth of Pekalongan Batik MSMEs, with a significance level of 1%. This proves that Business Financial Management has an important function in the growth of Micro, Small and Medium Enterprises (MSMEs) in the batik village of Kauman Pekalongan, Central Java. Business Finance Management has an influence of 12% on the business growth of MSME Batik Pekalongan. This shows a very small thing. Possibly because most of the batik entrepreneurs in Pekalongan Batik Village have their own business capital, and business financial records are not yet efficient or still simple.

The influence of production management on business growth of Pekalongan Batik SMEs, proves that production management has an effect on business growth of Pekalongan Batik SMEs, with a significance level of 1%. This proves that production management has an important function in the growth of Micro, Small and Medium Enterprises (MSMEs) in the Kauman batik village, Pekalongan, Central Java. Production management has an influence of 12% on the business growth of Pekalongan Batik SMEs. If judging from the numbers, the effect is still weak or medium. This is because at the time of collecting research data, many batik entrepreneurs felt the impact of the pandemic, namely the decline in business production (75%) and some business

production cessation. Many craftsmen whose business income has decreased and even have difficulty getting basic materials, such as mori cloth and chemical dyes.

The influence of entrepreneurial characteristics on business growth of Pekalongan Batik SMEs, proves that entrepreneurial characteristics on business growth of Pekalongan Batik SMEs, with a significance level of 1%. That production management has an important function in the growth of Micro, Small and Medium Enterprises (MSMEs) in the Kauman batik village, Pekalongan, Central Java. Production management has an influence of 5% on the business growth of MSME Batik Pekalongan. At the time of data collection, many batik craftsmen in the Kauman batik village experienced the significant impact of the pandemic. So this makes them more likely to be resigned and confused. Due to lack of materials, capital and lack of business marketing and lack of capital support. The main problem is the difficulty of selling and distributing the product.

The effect of the use of technology on the business growth of Pekalongan Batik SMEs, proves that the use of technology affects the business growth of Pekalongan Batik SMEs, with a significance level of 1%. This proves that production management has an important function in the growth of Micro, Small and Medium Enterprises (MSMEs) in the Kauman batik village, Pekalongan, Central Java. Production management has an influence of 11% on the business growth of MSME Batik Pekalongan. Most of the craftsmen in the Pekalongan batik village are entrepreneurs who are still not modern. Although there are some entrepreneurs who are starting to be technology literate. But it seems that their concern for the importance of technology in marketing and business finance is experiencing obstacles, namely the difficulty of understanding and keeping up with the very fast development of digital technology.

5. Conclusion

This research concluded that Business Financial Management (X1) has a positive effect (0.359) on Business Growth (Y1) and is significant with a p-value of 0.010 (<0.01). Production Management (X3) has a positive effect (0.397) on Business Growth (Y1) and is significant with a p-value of 0.005 (<0.01), while Business Characteristics (X4) has a positive effect (0.260) on Business Growth and is significant with a p value of 0.051 (<0.1). Lastly, technology utilization (X5) has a positive effect (0.375) on Business Growth (Y1) and is significant with a p-value of 0.007 (<0.01).

The limitation of this research is that this research was only conducted in the Kauman batik village of Pekalongan, so the data cannot represent Pekalongan batik as a whole. Respondents' data collection was only in the Kauman batik village due to: 1) Limited mobility of researchers and limited research time and 2) Schedule changes due to PPKM and restrictions on visiting entrepreneurs.

References

Agus, S. (2010). *Manajemen keuangan teori dan aplikasi (4th ed.)*. Yogyakarta: BPFE.

Alvarez, S. A., & Busenitz, L. W. (2001). The Entrepreneurship of Resource Based Theory. *Journal Management, 27*, 755-775.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, *17*(1), 99-120.

Cohen, M. A. (1988). Some new evidence on the seriousness of crime. *Criminology*, *26*(2), 343-353.

Fama, E., & Miller, M. (1972). *The Theory of Finance*. New York: Holt, Reinhart and Winston.

Hisrich, R. D., & Peters, M. P. (1992). *Entrepreneurship: Starting, Developing, and Managing a New Enterprise: Homewood*. New York: McGraw-Hill/Irwin.

Hudson, M., Smart, A., & Bourne, M. (2001). Theory and practice in SME performance measurement systems. *International Journal of Operations & Production Management*, *21*(8), 1096-1115.

Masduki, T. (2020). *Ini Kata Teten Masduki Soal Dampak Covid-19 Bagi UMKM*. CNBC Indonesia. Available: https://www.cnbcindonesia.com/news/20200429173402-8-155339/ini-kata-teten-masduki-soal-dampak-covid-19-bagi-umkm

McClelland, C. A. (1961). The acute international crisis. *World Politics*, *14*(1), 182-204.

Nababan, D., & Sadalia, I. (2013). Analisis Personal Financial Literacy dan Financial Behavior Mahasiswa Strata I Fakultas Ekonomi Universitas Sumatera Utara. *Jurnal Universitas Sumatera Utara*, *1*(1).

Nupus, H. ., & Ichwanudin, W. . (2021). Business Network Accessibility, Customer Relationship Management and Value Co-creation on Family Business Performance. *Research Horizon*, *1*(4), 126–135. https://doi.org/10.54518/rh.1.4.2021.126-135

Pambayun, D. (2021). Indicators of the association of Unemployment in Indonesia with the Level of Employment Opportunity, GDP, and SER. *Research Horizon*, *1*(5), 189–206. https://doi.org/10.54518/rh.1.5.2021.189-206

Peteraf, M. A. (1993). The cornerstones of competitive advantage: a resource-based view. *Strategic management journal*, *14*(3), 179-191.

Rotter, J. B. (1966). Generalized expectancies for internal versus external control of reinforcement. *Psychological monographs: General and applied*, *80*(1), 1.

Sarwoko, E. (2017). Strategi Pertumbuhan Usaha Kecil Menengah (UKM). *Jurnal Ekonomi Modernisasi*, *13*(1), 46-52.

Schumpeter, J. A. (1982). *The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle (1912/1934)*. Piscataway: Transaction Publishers.

Schumpeter, J. A., & Nichol, A. J. (1934). Robinson's economics of imperfect competition. *Journal of political economy*, *42*(2), 249-259.

Sekaran, U., & Bougie, R. (2016). *Research methods for business: A skill building approach*. Hoboken: John Wiley & Sons.

Tambunan, T. (2002). *Usaha kecil dan menengah di Indonesia: beberapa isu penting*. Jakarta: Salemba Empat.

Trimarjono, A. (2014). *Analisis Faktor-Faktor yang Mempengaruhi Perkembangan Usaha Kecil Menengah (Studi Kasus pada UKM di Wilayah Surabaya)*. Surabaya: The 7th NCFB and Doctoral Colloquium.

Ulwan, A. (2021). The Role of Young Entrepreneurs in Labor Absorptions and its Implications to Family Economic Resilience. *Research Horizon*, *1*(1), 16–27. https://doi.org/10.54518/rh.1.1.2021.16-27