

## Research Article

# Entrepreneurial Success Strategies Through Competitive Advantage And Financial Literacy on Batik MSMEs in Jepara and Kudus

Nurul Rizka Arumsari\*, Aprilia Whetyningtyas, Ashari

Economics and Business Faculty, Universitas Muria Kudus, Indonesia

**ORCID**

Nurul Rizka Arumsari: <https://orcid.org/0000-0003-4046-0696>

**Abstract.**

The success of Micro, Small, and Medium Enterprises are influenced by several internal and external factors. This quantitative research aims to analyze the influence of competitive advantage and financial literacy on entrepreneurial success in Jepara and Kudus Batik MSMEs. The population in this study were Batik MSME owners in Jepara and Kudus, with a sample size of 44 respondents. Data collection techniques were surveys and questionnaires. Data were analyzed using multiple linear regression analysis with SPSS version 25 tools. The t-test results show that competitive advantage positively affects entrepreneurial success, while financial literacy does not. The results of the f-test show that the variables of competitive advantage and financial literacy positively affect entrepreneurial success.

**Keywords:** entrepreneurial success, competitive advantage, financial literacy, batik SMEs

Corresponding Author: Nurul Rizka Arumsari; email: [nurul.rizka@umk.ac.id](mailto:nurul.rizka@umk.ac.id)

**Published:** 4 June 2024

Publishing services provided by Knowledge E

© Nurul Rizka Arumsari et al. This article is distributed under the terms of the [Creative Commons Attribution License](#), which permits unrestricted use and redistribution provided that the original author and source are credited.

Selection and Peer-review under the responsibility of the ICEMA Conference Committee.

## 1. INTRODUCTION

Jepara and Kudus districts have great economic development potential, supported by micro, small and medium enterprises, one of which is the batik business. Batik MSMEs, in their existence, need to continue receiving assistance from the Government, Regional Government and universities. One of the factors that influences entrepreneurial success is the attitude of economic actors (Aina et al., 2018). Entrepreneurs generally have the same characteristics; they are open-minded, see opportunities, are innovative, and have a strong determination to take responsibility for achieving what they aspire to be successful. The success rate of MSMEs in 2021 in selling their products on digital platforms is around 5% (Kominfo, 2021). Problems faced by MSMEs include limited productive human resources (HR), for example, in the knowledge or skills category and the use of IT (Sulistiyowati, 2021).

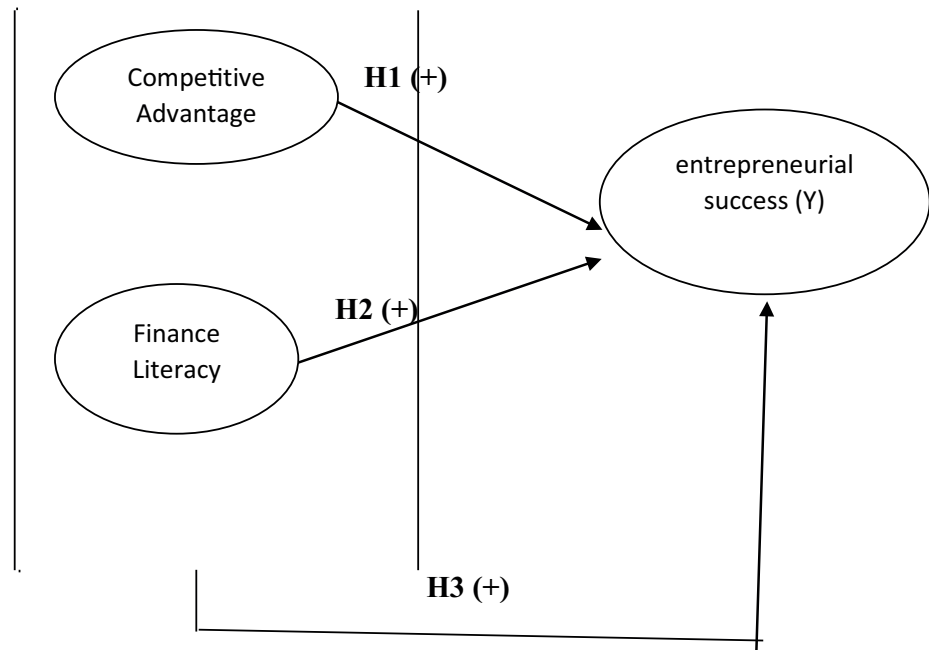
**OPEN ACCESS**

Competition is very important for the success or superiority of a company. Several indicators can measure competitiveness, including competitive prices and product quality. Competitive pricing is a company's ability to adjust the price of its products to general market prices. Product quality is the ability of a product to perform its function, including durability, reliability, accuracy, ease of use and repair, and other valuable attributes (Porter, 2007). Basically, many Indonesian MSME products have the same quality as foreign products or even better. However, these foreign products are often superior in technology, both in production technology, packaging and marketing (Sudaryanto, 2021). The large number of MSMEs currently causes business continuity to experience a high level of competition, especially in industries that produce similar products. Therefore, it is hoped that companies will have strategies to achieve competitive advantage (Wulandari, 2012).

Competitive advantage is defined as a company's ability to create superior value to face competition. Companies must develop their strategic capabilities by creating and delivering superior customer value for their customers to ultimately become a competitive advantage. To improve the performance and sustainability of MSMEs in the long term, it is necessary to form strategic businesses, such as product innovation through competitive advantage. Increasing the knowledge of MSME actors regarding financial management and accountability is very necessary. So that MSMEs can be better accountable and organize their finances. So far, many MSME players have paid little attention to managing company finances by combining personal and business funds. This is one of the factors inhibiting the development of MSMEs. One way to increase your financial management knowledge is to use financial literacy. Aribawa (2016) found that financial literacy influences the performance and sustainability of creative MSME businesses. Financial literacy is an understanding of money and financial products that a person can apply to their financial choices to make the right decisions about managing their finances (Amisi, 2012). Having financial literacy skills allows individuals to make informed decisions regarding their money and minimizes the risk of being deceived in financial matters (Garg and Singh, 2018).

This research aims to analyze the influence of competitive advantage and financial literacy on entrepreneurial success in Batik MSMEs in Jepara and Kudus. It is hoped that the contribution of this research can contribute to the development of improved entrepreneurial success strategies for Batik MSME players and can provide strategic steps for stakeholders in realizing entrepreneurial success for Batik MSME players. A framework was created to explain the relationship between the variables studied.

This relationship is described in the research framework below so that the flow of the research can be seen clearly.



**Figure 1:** Research Framework.

In this research, the following hypothesis is formulated:

Hypothesis 1 explains that competitive advantage (X1) has a positive effect on entrepreneurial success

Hypothesis 2 explains that financial literacy (X2) has a positive effect on entrepreneurial success

Hypothesis 3 explains that competitive advantage (X1) and financial literacy (X2) simultaneously influence entrepreneurial success

## 2. METHODS

The method used in this research is a quantitative method, where the variables of competitive advantage and financial literacy are independent variables, and entrepreneurial success is the dependent variable. The research object is Batik MSMEs in Jepara and Kudus. The method for determining the sample for this research is purposive sampling, namely sampling based on certain criteria, namely a minimum of 1 year in producing and marketing batik craft products. The business runs continuously, and there are efforts to develop it. The sample used was 44 respondents. The data used in this research includes primary data and secondary data. Primary data was obtained by distributing questionnaires to respondents selected as samples in Jepara and Kudus Batik MSMEs.

Interviews were also carried out to gather information from business owners. Secondary data regarding Batik business actors was obtained from the MSME Service to provide additional useful descriptions and information for further processing.

The data analysis technique in this research uses Multiple Regression Analysis. This analysis tests the influence of several independent variables (independent variables) X on the dependent variable Y. The regression equation is as follows:

$$Y = a + b_1 X_1 + b_2 X_2 + e$$

Information:

Y = Entrepreneurial Success

a = Constant

b<sub>1</sub> = Parameter Coefficient of the Competitive Advantage variable

b<sub>2</sub> = Parameter coefficient of the Financial Literacy variable

X<sub>1</sub> = Competitive Advantage

X<sub>2</sub> = Financial Literacy

e = Error

Hypothesis testing in this research uses multiple regression analysis. Multiple linear analysis was carried out using the coefficient of determination test, t-test and F-test.

## 3. RESULT

### 3.1. Validity test

Validation is a test that will show the extent to which a measurement (test) can accurately reveal the condition of the object being measured. If the p-value (sig 2 tailed) < 0.05, the decision is made using the significance level or  $\alpha = 5\%$ , and the question item is valid.

Reliability Test is a tool for measuring a questionnaire which is an indicator of a variable. A construct or variable is said to be reliable if the Cronbach Alpha value is > 0.60, then the variable item is declared reliable. The test results showed that all variables in this study were reliable.

### 3.2. Classic assumption test

#### 1. Multicollinearity Test

TABLE 1: Validity Test.

Entrepreneurial Success				
	Pearson Correlation	Sig. (2- tailed)	alpha	Result
Y.1	.877**	0.000	0.050	Valid
Y.2	.923**	0.000	0.050	Valid
Y.3	.804**	0.000	0.050	Valid
Y.4	.792**	0.000	0.050	Valid
Y.5	.801**	0.000	0.050	Valid
Competitive Advantage				
	Pearson Correlation	Sig. (2- tailed)		
X1.1	.908**	0.000	0.050	Valid
X1.2	.481**	0.001	0.050	Valid
X1.3	.744**	0.000	0.050	Valid
X1.4	.869**	0.000	0.050	Valid
Financial Literacy				
	Pearson Correlation	Sig. (2- tailed)		
X2.1	.952**	0.000	0.050	valid
X2.2	.911**	0.000	0.050	valid
X2.3	.853**	0.000	0.050	valid
X2.4	.519**	0.000	0.050	valid

Source: Processed Primary Data (2023)

TABLE 2: Reliability Test.

Variable	Cronbach's Alpha	Critical Value	Result
Competitive Advantage	0.746	0.700	Reliable
Financial Literacy	0.842	0.700	Reliable
Entrepreneurial Success	0.899	0.700	Reliable

Source: Processed Primary Data (2023)

One of the requirements for a regression test to be declared feasible is the Multicollinearity test. If tolerance > 0.1 and VIF < 10, the variable is free from multicollinearity interference.

Based on table 3. above, the results of the multicollinearity test show that all independent variables have a tolerance value >0.10 and a VIF value <10, so it can be stated that this research is free from multicollinearity.

TABLE 3: Multicollinearity Test.

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Competitive Advantage	.499	2.003
	Financial Literacy	.499	2.003

Dependent Variable: Entrepreneurial Success

TABLE 4: Heteroscedasticity Test.

Unstandardized Coefficients				Standardized Coefficients	t	Sig.
Model B		Std. Error		Beta		
1	(Constant)	4.932	1.271		3.880	0.000
	Competitive Advantage	-0.050	0.088	-0.117	-0.573	0.570
	Financial Literacy	-0.147	0.101	-0.295	-1.445	0.15

Dependent Variable: Entrepreneurial Success

Based on Table 4. above, the results of the significance heteroscedasticity test (p-value) for each independent variable are >0.05, so it can be stated that the data in this study does not contain heteroscedasticity.

### 3. Normality Test

One of the requirements for a regression test to be declared feasible is the assumption of normality, namely that the residuals are normally distributed if p-value (sig) > 0.05

TABLE 5: Normality Test.

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		44
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.96596078
Most Extreme Differences	Absolute	.195
	Positive	.096
	Negative	-.195
Test Statistic		.195
Asymp. Sig. (2-tailed)		.000 <sup>c</sup>

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

### 3.3. Hypothesis test

t-test

TABLE 6: T-test.

Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error				Beta	Tolerance
1 (Constant)	4.882	2.310		2.114	0.041		
Competitive Advantage	0.443	0.160	0.460	2.771	0.008	0.499	2.003
Financial Literacy	0.275	0.184	0.248	1.493	0.143	0.499	2.003

Source: Processed Primary Data (2023)

Table 6 shows that competitive advantage has a calculated t-value of 2.771 with a significance of 0.008. This indicates that competitive advantage has a positive influence on entrepreneurial success. Meanwhile, for the financial literacy variable, the calculated t value is 1.493 and a significance of 0.143, indicating that the financial literacy variable does not affect entrepreneurial success.

### 3.4. F Test

TABLE 7: F Test.

ANOVA <sup>a</sup>						
Model	Sum Squares	df	Mean Square	F	Sig.	
1 Regression	127.987	2	63.993	15.787	.000 <sup>b</sup>	
Residual	166.195	41	4.054			
Total	294.182	43				

Source: Processed Primary Data (2023)

Based on the results of the F test, an F value of 15.787 was obtained with a significance value of 0.000. This interprets that all independent variables, namely competitive advantage and financial literacy, influence entrepreneurial success together.

### 3.5. Coefficient of Determination

The coefficient of determination (R<sup>2</sup>) essentially measures the extent to which the independent variable can explain variations in the dependent variable. The coefficient of determination value varies between 0 (zero) and 1 (one). In this study, a value (R<sup>2</sup>) of 43.5% was obtained with an adjustment (R<sup>2</sup>) of 40.8%. It can be stated that the independent variables in this research model can only explain 40.8 percent of the factors that influence entrepreneurial success in Batik MSMEs in Jepara and Kudus. Meanwhile, the remaining 59.2 percent is explained by other variables not mentioned in this research.

TABLE 8: Koefisien Determinasi.

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.660 <sup>a</sup>	.435	.408	2.01334	2.126

Source: Processed Primary Data (2023)

## 4. DISCUSSION

### 4.1. The Influence of Competitive Advantage on Entrepreneurial Success

The results of testing the first hypothesis show that competitive advantage positively affects entrepreneurial success. The higher the degree of competitive advantage carried out by Batik MSME owners in Jepara and Kudus, the higher the success of their business. Things that MSME owners do relate to increasing the amount of capital, income, sales volume, production output and workforce can increase the success of their business. According to Rahmadi et al. (2020), a successful creative economy is about finding and producing products that meet market needs and innovating to create a competitive advantage. Creating innovation based on market needs can be one of the benefits of entrepreneurship. This is in accordance with the field conclusions of Fatmawati (2016).

### 4.2. The Influence of Financial Literacy on Entrepreneurial Success

The results of testing the second hypothesis show that financial literacy does not affect entrepreneurial success. This is due to the low knowledge of batik business owners about how to manage assets, liabilities and capital. The low level of understanding of



Batik MSME business actors is reflected in an attitude that is too cautious and tends to be doubtful, so the business carried out does not run optimally. These results are in accordance with findings in the field conducted by Budyastuti (2021) and Naufal (2022), who concluded that financial literacy does not influence business sustainability.

### **4.3. The Influence of Competitive Advantage and Financial Literacy on Entrepreneurial Success**

The results of testing the third hypothesis show that competitive advantage and financial literacy positively affect entrepreneurial success. The higher the degree of competitive advantage and financial literacy, the higher the level of business success run by Batik MSME players in Jepara and Kudus. Creating innovation based on market needs can be one of the benefits of entrepreneurship. Competitive and sustainable business advantages in business so that businesses can create the strength needed to compete with other competitors (Fatmawati, 2016). These results are in accordance with field findings conducted by Rahmadi et al. (2020) and Rompis et al., (2022) regarding competitive advantage on entrepreneurial success. So, the managerial implications will focus more on these variables.

## **5. CONCLUSION**

Based on the results of hypothesis testing, it can be concluded that competitive advantage positively affects entrepreneurial success. Competitive advantage increases, so the entrepreneurial success of Batik MSMEs in Jepara and Kudus will also increase. Financial literacy does not affect entrepreneurial success. The level of entrepreneurial success of Batik MSME actors in Jepara and Kudus is not influenced by their understanding of financial literacy. Competitive advantage and financial literacy have a positive effect on entrepreneurial success. If competitive advantage and financial literacy increase, entrepreneurial success will also increase. This research has limitations, namely that the coefficient of determination only shows 0.408, which shows that the influence of competitive advantage and financial literacy on entrepreneurial success is 40.8%. So, there are still 59.2% of variables outside this research that influence entrepreneurial success.

## ACKNOWLEDGMENT

The authors would like to thank the Competitive Research Grant Programme by the Institute of Research and Community Services (*Lembaga Penelitian dan Pengabdian kepada Masyarakat (LPPM)*) of Universitas Muria Kudus for the financial support through the internal grant funding.

## References

- [1] Aribawa D. (2016). Pengaruh Literasi Keuangan Terhadap Kinerja Dan Keberlangsungan Umkm Di Jawa Tengah. *Jurnal Siasat Bisnis* Vol. 20 No. 1.
- [2] Budiyastuti T. (2021). Pengaruh Financial Technology dan Literasi Keuangan terhadap Keberlangsungan Usaha. *Jurnal Online Insan Akuntan* Vol 6 No 2.
- [3] Fatmawati, dkk. (2016). Pengaruh Orientasi Pasar, Orientasi Kewirausahaan, Terhadap keunggulan Bersaing dan Kinerja Pemasaran. *Jurnal Ilmu Administrasi Bisnis* Vol 5 No.3
- [4] Ghozali I. Aplikasi Analisis Multivariate dengan Program IBM SPSS 25. Semarang: Badan Penerbit Universitas Diponegoro; 2018.
- [5] Lusimbo M. Financial Literacy And The Growth Of Small Enterprises In Kenya: A Case Of Kakamega Central Sub-County, Kenya. *International Journal of Economics, Commerce and Management*. 2016;4(6):828–45.
- [6] Naufal MI. (2022). Dampak Literasi Keuangan Terhadap Kinerja dan Keberlanjutan UMKM. *Jurnal Administrasi Bisnis* Vol 16. No.2
- [7] Arumsari NR, Marka MM. (2018). Strategy Competitive Advantages through Marketing Performance. *Jurnal Kinerja* Vol 22 No.2
- [8] Porter ME. Strategi Bersaing: Competitive Strategy. Tangerang: Karisma Publishing Group; 2007.
- [9] Sudaryanto, Ragimun, dan Rahma Rina Wijayanti. (2021). Strategi Pemberdayaan UMKM menghadapi Pasar Bebas ASEAN.
- [10] Rachmadi T. (2020). The Power Of Digital Marketing, (Ebook: Tiga Ebook, h. 6) [https://www.google.co.id/books/edition/The\\_Power\\_Of\\_Digital\\_Marketing/RCzyDwAA~QBAJ?hl=id&gbpv=1&dq=manfaat+digital+marketing&printsec=frontcover](https://www.google.co.id/books/edition/The_Power_Of_Digital_Marketing/RCzyDwAA~QBAJ?hl=id&gbpv=1&dq=manfaat+digital+marketing&printsec=frontcover)
- [11] Rompis,dkk (2022). Pengaruh Orientasi Kewirausahaan, Inovasi Produk dan Keunggulan Bersaing terhadap Kinerja Pemasaran (Studi kasus Usaha Kerajinan

Kayu di Kecamatan Tagulandang Kabupaten Sitaro). Jurnal Emba: Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi Vol 10 No.3