Analysis Of Financial Planning On The Sustainability Of Msme Businesses

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Abstract

The purpose of this study is a type of quantitative research with the aim of determining the influence of financial planning in maintaining the sustainability of the MSME business in Makassar City. This sampling uses random sampling techniques from MSME actors in Makassar City who meet the criteria we determine. The type of data used in this study is quantitative data obtained from questionnaires that are shared and have a relationship with the problem under study. Data collection was carried out by observation, interviews and distribution of questionnaires. In this study, the data axis used in data collection includes primary data and secondary data. The research instrument used in this study is the Likert scale. Based on the results of data research using statistical calculations through the Statistical Package for the Social Science (SPSS) version 22 application regarding the influence of financial planning in maintaining the business continuity of MSMEs in Makassar City, the author draws a conclusion that financial planning has a positive and significant influence on business continuity. Good financial planning will influence MSME players in running their businesses and opening new branches.

Keywords: finansial planning, business sustanbility, MSMEs

INTRODUCTION

Indonesia is one of the countries with the highest economic growth rate among G20 member countries, with an economic growth of 5.17% in 2018. This figure puts Indonesia in 4th (fourth) place below Turkey but above developed countries such as the United States, Australia and South Korea. The direction of economic growth of a country is influenced by many different sectors. One of the sectors that affects economic growth in various countries, including Indonesia, is the micro, small, and medium enterprises sector or commonly called MSMEs. MSME groups in Indonesia have an important role in the national economy. According to data from the Ministry of Cooperatives and SMEs, the number of MSMEs in Indonesia reached around 64 million businesses in 2020, which contributes about 60% to the gross domestic product (GDP) and attracts about 97% of the total workforce in the non-agricultural sector economic country.

MSMEs provide a source of livelihood for many people, and they have the ability to create jobs for those who are less educated and low-skilled and able to reduce poverty

(Agyapong, 2010). Currently, MSMEs are still considered one of the effective approaches to improve the Indonesian economy. In Indonesia, there are 57 million MSMEs, which contribute 53% of Indonesia's total products and 20.52% of exports. MSMEs also attract a large workforce: micro businesses attract 77 million people, small businesses attract about 10 million people, and medium enterprises attract about 5 million people. Of course, this is a good progress, because MSMEs will have the ability to reduce the unemployment rate in Indonesia.

Although the number of MSMEs can be said to be growing very rapidly, they are still in the small business sector and it is difficult to develop into large companies. MSMEs usually face conventional problems that have not been solved (closed loop problems), such as human resource capacity, ownership, finance, marketing, and various other problems related to business management. As a result, it is difficult for MSMEs to compete with large companies. (Abor & Kuartey, 2010). Due to the lack of sustainable innovation concepts and inconsistent core business activities, innovative MSMEs tend to focus on short-term decision-making. Finally, the long-term performance of MSMEs engaged in the creative industry tends to be stagnant and moving in the wrong direction. (Manurung & Barlian, 2012). To improve the performance and sustainability of MSMEs in the long term, it is necessary to make strategic efforts such as: increasing the understanding of MSME stakeholders regarding financial management and accountability. This needs to be done so that MSMEs can report their finances more effectively and regularly, just like large businesses. So far, many MSME actors have not paid attention to the financial management of their companies by combining personal funds and business funds, which is one of the factors inhibiting business growth.

Financial planning is an understanding of money and financial products that can be applied to make the right financial decisions about how to handle their finances. Utilizing financial planning is one way to increase knowledge in managing finances. (Amisi, 2012). Financial skills allow people to make informed decisions about money and reduce the chances of getting lost in financial matters. (Garg & Singh, 2018). The higher a person's knowledge of finance, the better they will manage their business. Knowledge of finances affects the way a person views the financial situation, influences better decision-making about finances and helps business owners make better decisions. (Anggraeni, 2016). With financial planning, people will make financial statements for their business more often. Entrepreneurs who have better financial statements, the lender will have a higher loan repayment rate and better business continuity. (Wise, 2013).

Therefore, good financial planning is very important for MSMEs to ensure business continuity and increase their competitiveness. Good financial planning will help MSMEs manage their financial resources more effectively and efficiently, identify risks and opportunities that may arise in the future, and plan better long-term financial strategies.

MSMEs face several problems, one of which is that they do not have transparent and organized financial information. These findings are similar to the research conducted. (Masitoh and Widayanti, 2015), There are several batik MSMEs in Surakarta that do not record or bookkee. A small number of traders, especially those who sell their batik outside Surakarta, even export, but transactions are only recorded in piles of notes, making it difficult for owners

to monitor the development of their business. In addition, banks responsible for access to capital face challenges to reduce the risk of default on loans that can be provided to MSMEs. The results of studies in countries such as Brazil, Peru, and South Africa prove this. (Cravo, et al, 2010; Falkena, Hans, et al, 2008).

According to Dwitya (2016) A strategic approach is needed to improve the performance and sustainability of MSMEs. One way that can be done is to increase the knowledge of MSME actors about financial knowledge so that their management and accountability can be accounted for better as befits large companies.

Further research is needed because there are several conditions that cause financial problems for MSMEs. So that the results can help solve the problems faced by MSMEs., referring to the research of Fatoki, (2014), stated that the majority of micro, small and medium business owners are not bound by financial planning, budgeting, or financial control, while Ariwibawa, (2016) argues that business sustainability is highly dependent on financial aspects. In addition, the findings of this study are supported by, (Masitoh and Widayanti, 2015), which states that only a few MSMEs do financial records or simple bookkeeping, so ignorance will have an impact on the progress of their business. This study focuses more on the financial planning owned by MSME actors in Makassar City and the important role of financial knowledge in supporting the performance or sustainability of the MSME business.

RESEARCH METHODS

The type of research used in this study is a quantitative research method. According to Sugiyono (2017), quantitative research methods are scientific methods because they have fulfilled scientific principles, namely concrete/empirical, objective, measurable, rational, and systematic. This method is also called the discovery method, because with this method various new science and technology can be discovered and developed.

In this study, it is sourced from primary and secondary data, where the data comes from interviews based on criteria. Secondary data comes from literature studies and data from Micro, Small, and Medium Enterprises in Tidung Village, Rappocini District, Makassar City.

The population in this study is 91 MSME business actors located in Tidung District, Rappocini District, Makassar City. *(Makassar City Cooperatives and SMEs Office).* The sample is part of the number of population characteristics. If the population is large and the researcher cannot study everything in it, then the researcher can use a sample from the population, Sugiyono (2014:120). Given the limited time, effort and cost possessed by the researcher, the number of samples from the population was 47 respondents with the sampling method using the slovin formula.

The data collection techniques used in this study are as follows:
1. Observation

    The data collection technique with observation is carried out when the research is suitable for human behavior, work processes, natural symptoms, and when the observed respondents are not too large (Sugiyono, 2017).
2. Interview

    Interviews are used as a data collection technique if you want to conduct a preliminary study to find out the problems that must be researched, and also if the researcher wants to know things from the respondents in more depth and the number of respondents is small/small.
3. Questionnaire

    Questionnaire is a data collection technique that is carried out by giving a set of questions or written statements to respondents to answer.
4. Documentation

    Documentation will be attached in the form of activities during interviews and distributing questionnaires.

    The data analysis used in this study is a simple regression analysis using SPSS statistical software. Before testing the hypothesis using statistical techniques, the researcher will first test the variable instrument or test the quality of the data.

RESULTS AND DISCUSSION

A. Data Analysis Results

    Gozali (2009) menyatakan bahwa uji validitas digunakan untuk menukur valid atau tidaknya suatu kuesioner. Uji validitas person product moment menggunakan prinsip mengkorelasikan antara masing-masing skor item kusioner dengan skor total jawabn responden. Dengan membandingkan nilai hitung dengan r tabel = valid, namun jika r $_{hitung}$ < r $_{tabel}$ = tidak valid. N = 47 pada signifikan 5% pada distribusi nilai r tabel statistik, maka dapa diperoleg r tabel sebesar 0,294.

Table 1 validity test results

Variable	Question	r Calculate	r Table	Information
Financial Planning X	Question 1	0,827	0,294	Saw
	Question 2	0,806	0,294	Saw
	Question 3	0,843	0,294	Saw
	Question 4	0,856	0,294	Saw
	Question 5	0,811	0,294	Saw
	Question 1	0,552	0,294	Saw
	Question 2	0.773	0,294	Saw

Business Continuity Y	Question 3	0.827	0,294	Saw
	Question 4	0,801	0,294	Saw
	Question 5	0,818	0,294	Saw
	Question 6	0,734	0,294	Saw
	Question 7	0,407	0,294	Saw

From the table above, it can be seen that the calculated values of the validity test >results can be declared valid.

Table 2. reliability test result

Variable X
Reliability Statistics

Cronbach's Alpha	N of Items
,885	5

Variable Y
Reliability Statistics

Cronbach's Alpha	N of Items
,765	7

The results of the reliability test in the table above prove that the cronbach alpha in variable X is 0.885 and variable Y is 0.765 higher than the base value (0.6), this means that every indicator in the X and Y variable questionnaire is declared reliable.

B. Classic Assumption Test

1. Normality Test

The normality test is one part of the data analysis requirements test or the classical assumption test, it can be interpreted that before conducting a regression analysis, the research data must be tested for the normality of its distribution. The normality test aims to test whether the data used in the study is normally distributed or not. If the significance value (Sig) > 0.05 then the research data is normally distributed, however, if the significance value (Sig.) < 0.05 then the research data is not normally distributed.

Table 3. data normality test results

		Perencanaan Keuangan (X)	Keberlangsungan Bisnis (Y)
N		47	47
Normal Parameters[a,b]	Mean	20,49	27,81
	Std. Deviation	3,470	4,036
Most Extreme Differences	Absolute	,210	,093
	Positive	,119	,087
	Negative	-,210	-,093
Test Statistic		,210	,093
Asymp. Sig. (2-tailed)		,000[c]	,200[c,d]

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

Based on table 4.9, it can be seen that the nignifikansi is $0.200 > 0.05$, so this can be said to be a normally distributed residual value.

The normality test can also be carried out using a p-plot, that is, with the provision that if the point of the tick is seen close to the diaglonal line, the residual data distribution can be considered normal
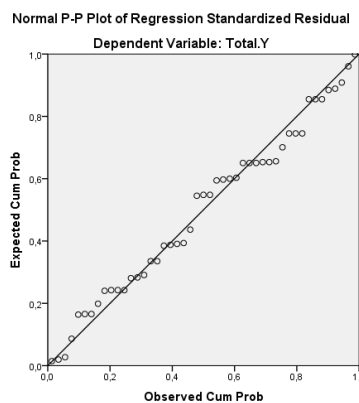

Figure 1. P-P Analysis of Graph Plots

Based on the image above, it can be seen that the dots spread around the diagonal line, so the graph can be said to be normally distributed. Therefore, it can be concluded that the

regression model of this study qualifies as a good regression model because the regression model has a normal power distribution.

2. Linearity Test

The linearity test aims to find out whether the two variables significantly have a linear influence or not. If the significance value > 0.05, there is a linear relationship, but if the significance value < 0.05, then there is no linear relationship.

Table 4. Linearity Test Results

			Sum of Squares	df	Mean Square	F	Sig.
Financial Planning * Business Continuity	Between Groups	(Combined)	460,300	10	46,030	5,734	,000
		Linearity	146,071	1	146,071	18,197	,000
		Deviation from Linearity	314,229	9	34,914	4,350	,001
	Within Groups		288,977	36	8,027		
	Total		749,277	46			

Source : SPSS 2024 data processing

From the table above, it can be seen that the significance value is 0.001 < 0.05. Therefore, it can be concluded that there is no significant linear relationship between financial planning and business sustainability.

3. Heteroscedasticity Test

The heteroscedasticity test aims to test whether the regression model has variational inequality from the residual of one observation to another. A good regression model is the absence of heteroscedasticity. Detection of the presence or absence of heteroscedasticity. To find out whether or not heteroscedasticity exists, it can be done by looking at the presence or absence of certain patterns on the scatterplot graph.
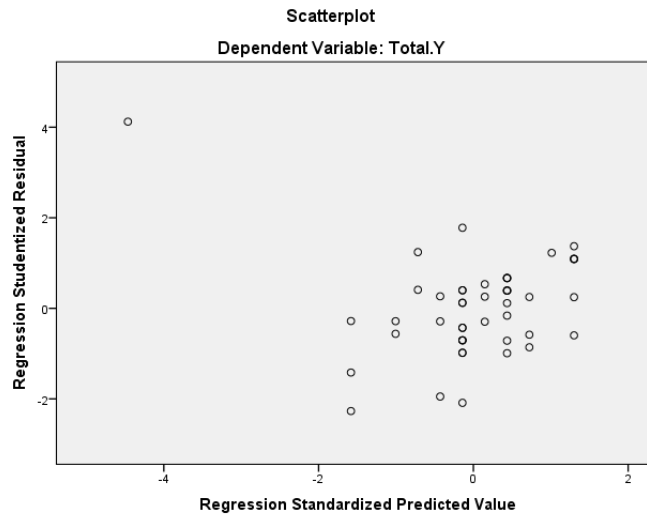
Figure 2. Heteroscedasticity Test Results

From the figure above, it can be seen that there is no specific pattern and spreads above and below the number 0 on the Y axis, so it can be concluded that there is no heteroscedasticity in this study.

4. Simple Regression Test

In this study, a simple linear regression analysis was used. The analysis in this study was used to determine the influence of the financial planning variable (X) on the business continuity variable (Y). The results of the analysis of financial planning on the business sustainability of MSMEs can be seen in the table below:

Table 5. Simple Regression Test Results
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Say.
1	(Constant)	17,285	3,232		5,348	,000
	Financial Planning	,514	,156	,442	3,301	,002

a. Dependent Variable: Total.Y

$$Y = a + Bx$$
$$Y = 17{,}285 + 0{,}514$$

1.   The constant value of 17.285 means that the consistency value of the MSME financial planning variable is 17.285.

2. The regression coefficient X of 0.514 from the results obtained states that for every 1% increase in financial planning, the business sustainability of MSMEs will increase by 0.514. The coefficient has a positive value, so it can be said that the direction of the influence of financial planning (X) on business continuity (Y) has a positive effect. And based on the significance value obtained of 0.002 < 0.05, it can be concluded that financial planning (X) affects business continuity (Y)

C. Hypothesis Testing

1. Partial Test (t-Test)

The t-test was carried out to show how far the influence between the independent variable and the bound variable was. If the significant value is less than 0.05, then a variable is said to have a significant effect on other variables. If t $_{counts}$ > t $_{table}$ then Ho is rejected and Ha is accepted however, if t $_{counts}$ < t $_{table}$ then Ho is accepted and Ha is rejected. The t-value of the table with alpha 5% and the number of samples n minus k the number of variables used.

Table 6. t-Test Results

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
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	Financial Planning	,514	,156	,442	3,301	,002

a. Dependent Variable: Total.Y

T_{tabel} $= (\alpha/2 ; n - k - 1)$

$\geq = (0,05/2 ; 47 - 1 - 1)$

b. $= 0,025 ; 45 = 2,014$

$= 3,301 \; 2,014$

Information:

α : alpha

n : a lot of observation data

k : number of independent variables

It is known that the tcount value of 3.301 is greater than the ttable value with a significant value of 0.002 < 0.05. It can be concluded that financial planning has a positive and significant effect on business continuity because the tcount value > ttable and the significance value is less than 0.05 so that Ho is rejected and Ha is accepted. So this can show that financial planning has a positive and significant influence on the business sustainability of MSMEs in Rappocini District.

2. Coefficient of Determination

The determination coefficient is used to determine how much financial planning (X) has an impact on the business sustainability of MSMEs in Rappocini District.

Table 7. Determination Coefficient Test Results

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,442a	,195	,177	3,661

a. Predictors: (Constant), Total.X
b. Dependent Variable: Total.Y

From table 4.13, it is explained that the determination coefficient (R2) can be seen in the Adjusted *R Square value* of 0.177 or 1.77% which shows that there is a simultaneous influence of financial planning (X) on business sustainability (Y) of 1.77%. While the rest (100% - 1.77% = 9.823%) is influenced by other factors that are not included in the regression model.

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k : number of independent variables

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CONCLUSION

Based on the results of the research and discussions that have been carried out, it can be concluded that financial planning has a positive and significant influence on business sustainability. The better the financial planning of a business, the better the business will go. Financial planning is very important for the survival and development of MSMEs in Tidung Village, Rappocini District, Makassar City in the long term and influences MSME actors in opening new branches

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