

## Livelihood Perspective: Determinants of Micro Business Sustainability After Covid-19 In Payakumbuh West Sumatera

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### ABSTRACT



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This article aims to study how business capital, product innovation, social media, micro-business financing, ability to make financial reports and business length affect micro-businesses sustainability in Payakumbuh. Primary data was obtained from questionnaires distributed to one hundred micro-entrepreneurs in five sub-districts in Payakumbuh. This data was obtained using multiple linear data analysis methods. According to the authors, micro-business sustainability in Payakumbuh is positively and significantly influenced by factors such as venture capital, social media, micro-business financing, and business length. On the other hand, the authors find that product innovation and the ability to create financial reports do not have a partial impact.

**Keywords:** Startup capital, product innovation, socialmedia, sme financing, ability to prepare smes financial reports and business length

### 1. Introduction

One of the indicators of successful economic development of a society is economic growth. The growth of small and medium-sized enterprises (SMEs) is one of the factors that influence economic growth because SMEs are an economic sector that provides many benefits to society, especially the lower middle class. SMEs also play a role in the absorption of the labor force and increasing public income.

According to Law (UU) No. 20 of 2008 on Micro, Small, and Medium Enterprises, micro-enterprises are individual enterprises that meet the following criteria: net assets or wealth up to Rp 50 million (not including land or buildings where the enterprise is located) and annual sales turnover to Rp 300 million. Livelihood is one of the growing classifications of small and medium-sized enterprises (SMEs). Livelihood is a micro-enterprise whose primary purpose is to make a living. This type of business is called the informal sector. Five-foot traders, for example. The government will prioritize micro-enterprises, especially those that make a living for their survival, after recovering from the impact of COVID-19 over two years.

Micro-business Livelihood has a lot of problems that affect its survival. According to Alshehhi (2018), business sustainability is the ability of an organization to manage very limited resources effectively and efficiently to meet long-term needs. The process of an enterprise includes growth and development, as well as the way to maintain the sustainability of an enterprise.

The sustainability of an enterprise depends on the performance of the entrepreneur; doing well will help its sustainability. The performance of a business is very important for its continuity. The chances of micro-business sustainability are greater if its performance is more consistent. The ability of the enterprise to maintain production and profit in the long term is an aspect of business sustainability (Lukitaningrum, 2017). A micro-enterprise can also be seen as its sustainability from success in innovation, managing employees and customers, and returning its initial capital. This shows that tends to continue to grow and see opportunities for continuous innovation (Hudson, 2001).

Micro-enterprise owners must be able to adapt develop and implement new business plans to maintain their business sustainability.

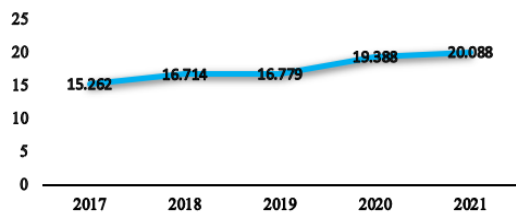
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Businesses can survive if they are aware of the factors that can affect their business sustainability. These include corporate capital, product innovation, social media, small business financing, the ability to compile small business financial reports, and the duration of the business operating.

The city of Payakumbuh has a strategic location for land traffic that connects two provinces: Western Sumatra and Riau. The town of Payakumbuh is famous for its cuisine, which is largely driven by small such as five-foot merchants. Every year, the number of micro-enterprises in the City of Payakumbuh is growing. The graph of the development of micro-enterprises from 2017-2021 shows this:



Picture 1. Development of UMKM City Growth in 2017-2021

(Source: Dinas Koperasi and UMKM Payakumbuh City)

The number of micro-enterprises in the City of Payakumbuh continues to increase from year to year, as shown in the image above. The number of micro-enterprises in 2017 amounted to 15,262 units, then increased to 16,714 units in 2018, then again increased to 16,770 in 2019, then again increased to 19,338 units by 2020, and finally increased to 20,088 units by 2021.

The continuity of the business in the City of Payakumbuh is based on the results of observations on one of the drinks in the Southern Caribbean Area, which indicates that this business is still operating in the Town of Payakumbuh. The business was established with an initial capital of Rp 3,000,000 and operated for about three months. The owner of the business cannot survive because of the many other jobs they have to complete, insufficient capital, lack of labor or labor, and products that are almost the same as similar with a weekly income of Rp 200,000. Considering the background above, the researchers wanted to conduct related research on the sustainability of the micro-urban business of Payakumbuh after the occurrence of COVID-19.

Based on the description of the background above, the formulation of the problem in this study is as follows). How is the Effect of Business Capital on the Sustainability of Micro Enterprises in Payakumbuh; 2). How Product Innovation Affects the Sustainability of Micro Enterprises in Payakumbuh; 3). How does social media influence the sustainability of micro-enterprises in Payakumbuh; 4). How does micro-enterprise financing affect the sustainability of micro-enterprises in Payakumbuh; 5). How does the ability to prepare micro-enterprise financial reports affect the sustainability of micro-enterprises in Payakumbuh; 6). How does the length of busi-

ness affect the sustainability of micro-enterprises in Payakumbuh?

The benefits obtained in this research are as a repository of knowledge that will be very helpful about how to develop micro-enterprises and the sustainability of micro-enterprises when viewed from the perspective of Livelihood. Micro-enterprises can maintain their business to be able to carry out family survival amid an increasingly difficult economy. The results of the research can be used as reference material and input for business actors to help provide solutions for the sustainability of their business and the Government takes part in the development of micro-enterprises in the city of Payakumbuh.

## 2. Literature Review

### 2.1. Definition of small and medium-sized enterprises (SMEs)

Government Regulation No. 7 of 2021 on facilitating, protecting, and empowering cooperatives and micro-enterprises states that micro-enterprises are productive enterprises owned by individuals and/or independent enterprises that meet the criteria laid down in Government Regulations.

The BPS classifies SMEs based on the number of employees. Medium-sized have between 20 and 99 employees and large have more than 99 employees. According to the decision of the President, no. In 1998, SMEs were small-scale people's economic activity with business areas that are mostly small and should be protected to prevent unhealthy competition from small.

Corporate capital or annual sales are the way micro-companies are grouped. In Article 35 of Government Regulation No. 7 of 2021, the criteria used to determine micro-enterprises are as follows: enterprise units with an enterprise capital of at least Rp 1,000,000,000 (one billion rupiah) do not include land and buildings where enterprises have annual sales of at most Rp 2.000.000.000 (two billion rupiah).

The economic effort is one way for humans to improve their quality of life. Human life can be improved through a good economy. Everyone wants to have a good and adequate financial life. Every effort is made to boost the economy. Micro-enterprises are largely conducted by people from the middle to lower economic class who have little capital.

Micro efforts can be divided into two categories based on their evolution:

1. Livelihood is a micro-business that focuses on earning livelihoods. This type of micro-business is usually referred to as the informal sector. For example, a five-foot trader;
2. Micro, which is an already fairly developed micro-enterprise, but has the characteristics of entrepreneurship and cannot accept subcontractor work or export.

According to Muhammad (2004), micro-enterprises are small-scale people's economic activities that meet net wealth or annual revenue regulated by law. According to Tohar (2000), a micro-enterprise is where changes occur referring to the actions of the enterprise during its operation. In this study, the researchers used micro effort based on its development and livelihood.

## 2.2. Strengthening the micro effort

According to Widayanti (2017), business sustainability (Business Sustainability) is a form of stability of an enterprise, in which sustainability is the process of continuity of the enterprise that includes growth, development, and strategies to maintain the sustainability and development of enterprises to protect the continuity and existence (resilience) of the company. According to Narayana (Fario, 2022), business sustainability is an effort to avoid adverse impacts on the environment and society so that the next generation has the resources to meet their needs.

The success of SME companies in innovating, managing employees and customers, and returning initial capital shows that they are interested in growing and seeing opportunities for sustainable innovation (Hudson, 2001).

### 2.2.1 Factors affecting the sustainability of small and medium-sized enterprises (SMEs)

#### 1. Startup Capital

Business capital is one of the important factors in carrying out an effort. If it is predicted to start a business by building a house, capital becomes the foundation of the house to be built, and the stronger the foundations, the stronger the house. Also, the influence of capital on an enterprise, because its existence is the foundation for the enterprise to be built. The business factor that must be available before starting a business is capital. How small this capital will affect how the business grows and generates revenue (Purwanti, 2012).

In this case, capital can be defined as the amount of money used to run a business. Many people believe that money capital is not important for business. However, it should be understood that money is very important for business (Fikri Aulia, 2021). It's not a matter if the capital is important, because it's very important. The important thing is how to manage capital effectively so that the business can run well.

According to Safira (2019), capital is physically defined as everything that exists in production components, such as machines, production equipment, vehicles, and buildings. Capital can also be funds needed to buy all the input needed to produce outputs in the production process.

#### 2. Product Innovation

The company's strategy to adapt to an ever-changing environment is innovation. Therefore, companies must be able to develop new ideas and create innovative products as well as im-

prove services to satisfy customers. According to Kusumawati (2010). Innovation is the ability to use creativity to find opportunities and solve problems (Desmiyawati, 2020).

Products are a very important and influential component to the success of the company, which can increase the profitability of the business. Product innovation is a combination of actions that influence each other (Subagja, 2021). Therefore, innovation is a whole process, not just an idea, invention, or new market development.

#### 3. Social media

The use of the Internet today has evolved to cover various aspects of human life, one of which is the use of social media. Social media is defined as a tool that various people can use to share information in the form of text, images, or videos with others and organizations (Arifin, 2018).

Social media is the simplest and cheapest marketing tool a company can use. Business operators use it to promote their business through their website or blog, display their company profiles, communicate with customers, and make it a tool for online marketing (Akhmad, 2015). To maximize product marketing and influence consumer services, using social media needs to be managed carefully, and intensely (Nugroho, 2019).

#### 4. SMEs Financing

The development and strengthening of micro and medium-sized enterprises (SMEs) are intended to be provided by the government, local government, business world, and society through banks, cooperatives, and non-bank financial institutions according to Law No. 20 of 2008. "Financing is the provision of money or bills that can be equated to based on an agreement or agreement between a bank party and another party which obliges the funded party to provide such money or invoice after a specified period has been determined in return for or for results", according to the Banking Act No. 10 of 1998.

Micro-enterprise financing comes from a variety of sources, including banking and non-banking organizations such as stock markets, government, venture capital, etc (Fitriasari, 2017). Microfinancing is the right type of financing for microfinance institutions (Lupikawaty, 2016). Microfinance institutions were established to support the development of businesses and empower the community. Microfinance institutions do this by providing micro-scale loans or financing to members and communities, managing savings, and providing consultancy on business development that is not purely aimed at profit (Financial Services Authority).

#### 5. Ability to Prepare SMEs Financial Reports

For use by interested parties in economic decision-making, financial statements are records containing financial information about an entity during the accounting period that describes the performance of the entity (Ningtyas, 2017). According to Harahap (2014), a financial report is a

report that shows the financial condition and performance of a company over some time.

Financial statements are essential for the success of, including small and medium-sized micro-enterprises. Financial information can be used to make economic decisions for UMKM management, such as setting prices and developing markets. In addition, it is essential to provide financial information to small and medium-sized micro-enterprises (SMEs), especially if they want to gain access to government subsidies and additional capital from creditors (Wahid, 2017).

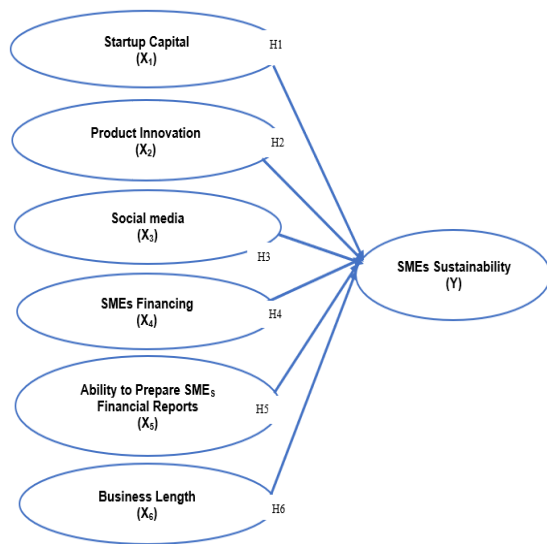
6. Business Length

The length of the effort is defined as the amount of time that has been spent by the entrepreneur to carry out the effort. A theory is known as the "old business theory". According Moenir, (2008) states that greater experience and skills in a job held are associated with longer periods employed.

Businesses that have been running their business for longer will have a more mature and appropriate strategy for managing, producing, and marketing their products. Businesses with more experience will have more knowledge, experience, and ability to make decisions in any situation (Putra, 2020). In addition, more experience will have more relationships and customers (Setiaji, 2018).

2.3. The flow of research

The flow scheme of research to be carried out is based on the theoretical foundations and studies against previous research. The framework of thought is a synthesis of various theories found in literary reviews. The framework of thinking provides a systematic overview of how the theory works to provide alternative solutions or solutions to several problems that have already arisen. The flow of this research is as follows:



Picture 2. Conceptual framework (Source: Data Processed)

2.4. Hypothesis

The hypothesis in this study is as follows:

1. There is an influence of capital on the sustainability of microenterprises in Payakumbuh City;
2. There is an influence of product innovation on the sustainability of microenterprises in Payakumbuh City;
3. There is an influence of social media on the sustainability of microenterprises in Payakumbuh City;
4. There is an influence of microfinance on the sustainability of micro-businesses in the city of Payakumbuh;
5. There is an influence on the ability to prepare financial reporting on the sustainability of microbusinesses in Payakumbuh City;
6. There is an influence of the length of business on the sustainability of microenterprises in the city of Payakumbuh.

3. Methods

Quantitative data is used in this study. This data covers the entire Micro Perspective Livelihood Entrepreneurship in the food and beverage industry.

The primary data of this research came from a questionnaire shared with five-foot merchants in the food and beverage industry in Payakumbuh City who are involved in the Micro Perspective Livelihood Initiative. The secondary data of this research comes from the Department of Cooperation and SMEs City of Payakumbuh, as well as previous library studies and research to support information from primary data sources.

The study involved all five-foot merchants in the food and beverage industry in Payakumbuh City, which is part of the Micro Perspective Livelihood Initiative. Based on the number of populations in this study unknown then the researchers used the formula (Riduwan, 2013), the formula is as follows:

$$N = \left\{ \frac{(Z/\alpha)\sigma}{e} \right\}^2$$

$$N = \left\{ \frac{1,96 \cdot 0,25}{5\%} \right\}^2$$

$$N = 96,04 \text{ rounded to } 100$$

The error limit or margin of error in this study is 5%, so the accuracy rate is 95%. As for the sample in this study, all populations are samples of 100. In this study, the researchers used a nonprobability sampling technique that was carried out with purposive Sampling used by the researcher. Purposive Sampling is a method of sampling members of the population for a specific purpose or consideration of the researchers themselves so that the samples can represent the desired population criteria. In this study, researchers perform data collection techniques in the following ways: Observation, Interview, Documentation, and Questionnaire or Angket. Before testing the data, the questionnaire must be tested first to find out whether it can be used or not,

namely by testing the validity Test and Reliability of the Test.

**3.1. Data Analysis Methods**

In this study, descriptive statistical analysis is used. These statistics are used to analyze data by describing data that has been collected without the purpose of making general conclusions or generalizations (Sugiyono, 2018).

**3.1.1. The classical assumption**

1. Test of Normality
2. The heteroscedasticity Test
3. Autocorrelation tests
4. Multicollinearity Test

**3.1.2. Multiple Linear Regression Test**

Multiple Linear Regression Analysis is a linear regression model involving more than one free variable or predictor. Multiple linear regression is a prediction or prediction model using data with interval scales or ratios and there is more than one free variable. The linear regression equation is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e$$

where:

Y = Continuity of SMEs in the City of Payakumbuh

A = constant

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$  = Regression coefficient

X1 = Startup Capital

X2 = Product Innovation

X3 = SocialMedia

X4 = SMEs Financing

X5 = Ability to Prepare SMEs Financial Reports

X6 = Business Length

e = Residual-free variables other than those present in this study

**3.1.3. Testing the hypothesis**

1. Partial Testing (Uji t)

The t-test is used to show whether an independent variable individually affects the dependent variable (Ghozali, 2009). The test criteria with a 95% significance level ( $\alpha = 0.05$ ) can be determined as follows:

- a. If t counts t table or value of significance < 0,05, then H0 is rejected and Ha is accepted, meaning the free variable has a significant influence on the bound variable;
- b. When t counts < t table, then H0 is accepted and Ha rejected, meaning the free variable does not affect the bound variable.

2. Coefficient of determination ( $R^2$ )

The determination coefficient ( $R^2$ ) is used to measure how far a model can explain variance from a dependent variable. The value of the determination coefficient is  $0 < R^2 < 1$ . A determination coefficient close to one means that independent variables provide almost all the information needed to predict the variation of dependent variables.

The use of the R square is a bias toward the number of independent variables inserted into the model, with each addition of an independent variable to the model the R Square must increase regardless of whether or not the independent variable is significantly influenced. Unlike the R square, the value of the adjusted R Square can go up or down when there are additional independent variables in the model. Therefore, it is best to use the adjusted R square value to evaluate the best regression model (Ghozali, 2009).

3. Simultaneous testing (uji F)

The statistical test F is used to find out whether a free variable together affects a bound variable. (Ghozali,2013). This test is performed at a rate with a 95% significance rate ( $\alpha = 5\%$ ) determined as follows:

- a. If F counts F table or the significance value is < 0.05, then H0 is rejected and Ha is accepted, meaning each free variable together has an effect on the bound variable.
- b. If F counts < F Table or significance value > 0,05 then H0 is accepted and Ha is rejected, meaning each free variable together does not influence the bound variable.

**4. Results and Discussion**

One hundred participants in the study were five-foot merchants in the food and beverage business who were distributed around five districts in the City of Payakumbuh. 100 respondents were chosen using the purposive sample method. The criteria include businesses with a capital of more than 40 million roubles, a staff of more than four, and a yearly sales revenue of up to 300 million roubles. The distribution of micro-sector food and beverage enterprises across the city of Payakumbuh's 5 districts is shown here:

Table 1. Questionnaire Distribution Area

Area	Many people
West Payakumbuh	36
East Payakumbuh	22
North Payakumbuh	16
South Payakumbuh	15
Lamposi Tigo Nagori	11
<b>Total</b>	<b>100</b>

Source: Data Processed 2019

According to the table above, it can be determined that 36 people responded to the questionnaires in the West Payakumbuh area, followed by 22 people in the East Payakumbuh area, 16 people in the North Payakumbuh area, 15 people in the South Payakumbuh area, and 11 more people in the Lamposi Tigo Nagori area (Latina). A normality test is a procedure used to determine whether the residual value in a normally distributed parametric model has been standardized. By examining the significant value, the Kolmogorov-Smirnov analysis is used in this study's normalcy test. The data are considered to be regularly distributed if the obtained significance value is greater than 0.05. Conversely, if it

is less than 0.05, the data is considered to not be regularly distributed.

**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		100
Normal Parameters <sup>a</sup>	Mean	.0000000
	Std. Deviation	.82329195
Most Extreme Differences	Absolute	.098
	Positive	.098
	Negative	-.061
Kolmogorov-Smirnov Z		.979
Asymp. Sig. (2-tailed)		.293

a. Test distribution is Normal

Picture 3. Normality Test Results  
(Source: Data Processed)

A validity test is used to determine the validity of a questionnaire used by researchers to measure and obtain research data from respondents. The validity test in this study was carried out using a software application program. The basis for making a decision based on the validity test is:

- Compare the calculated r-value with the table r-value. If the calculated r-value > r table = valid If the calculated r-value < r table = invalid;
- Look at the significance value (Sig): If the significance value is 0.05, it is valid. If the significance value is > 0.05, it is invalid.

Based on the validity test that has been carried out on each question item contained in the variables, namely business capital, product innovation, social media, MSME financing, ability to prepare MSME financial reports, and business length as the independent variable and MSME sustainability as the dependent variable, it can be seen that each of these variables has a calculated r value greater than the table r-value, namely 0.195, so it can be stated that each question item for each variable is valid. If we look at the significance value, it can be seen that the significance value is < 0.05, so it can be stated that the data obtained by the researcher is valid.

Repetition of the measures taken with the questionnaire is a test used to determine whether the questionnaire will remain consistent. The Cronbach alpha value provides information on the decision-making framework for reliability testing. Sujarweni (2020) states that a questionnaire is considered credible if its Cronbach alpha score is more than 0.6.

Table 2. Reliability Test

Nama Variable	Cronbach's Alpha	Keterangan
Startup Capital (X1)	0,602	Reliable
Product Innovation (X2)	0,683	Reliable
Social media (X3)	0,622	Reliable
SMEs Financing (X4)	0,612	Reliable
Ability to Prepare SMEs Financial Reports (X5)	0,677	Reliable
Business Length (X6)	0,766	Reliable
SMEs Sustainability (Y)	0,671	Reliable

Source: Data Processed 2022

Based on the reliability test table using the software application above, it can be seen that the Cronbach's Alpha value of each variable is > 0.6, namely the Business capital variable (X1) of 0.776, the Product Innovation variable (X2) with a Cronbach' Alpha value of 0.651, then Social Media variable (X3) with a Cronbach' Alpha value of 0.793, SMEs Financing variable (X4) with a Cronbach' Alpha value of 0.606, the variable Ability to Compile SMES Financial Statements (X5) with a Cronbach' Alpha value of 0.839 and the length of business variable (X6 ) with a Cronbach' Alpha value of 0.766 and the Business Continuity variable (Y) with a Cronbach' Alpha value of 0.606. Based on the reliability test results, it can be concluded that all of the question items in this research questionnaire are reliable because Cronbach's Alpha value is > 0.6.

The purpose of the normality test is to determine whether the confounding variable in the regression model has a normal distribution (Ghozali, 2009). Moreover, to see if this can be represented statistically and graphically. If the significance value for the Kolmogorov-Smirnov test is greater than 0.05 and is used as the foundation for decision-making, the data are considered to be normal. The outcomes of the Kolmogorov-Smirnov test are listed below.

It is clear from the results of the one-sample Kolmogorov-Smirnov test for normalcy that the residual value of the dependent and independent variables received an Asymp value with multiple samples (N) of 100 samples. The value of the sig (2-tailed) is 0.293, which is higher than 0.05. As a result, it may be said that the study's data are normally distributed and appropriate for testing hypotheses.

The autocorrelation test is a test conducted to test whether, in the linear regression model, there is a correlation between the confounding error in period t and the confounding error in period t (previous). The basis for making the decision is if the value of  $du < DW < 4-du$ , then there is no autocorrelation problem. To find out the value of du can be seen in the Durbin-Watson table.

Model Summary<sup>a</sup>

Model	R	R Square	Adjusted R Square	Std. The error in the Estimate	Durbin-Watson
1	.779 <sup>a</sup>	.607	.581	.84182	1.951

a. Predictors: (Constant), LAG\_X6, LAG\_X4, LAG\_X5, LAG\_X1, LAG\_X3, LAG\_X2

b. Dependent Variable: LAG\_Y

Source: processed from primary data 2022

Picture 4. Autocorrelation Test  
(Source: Data Processed)

Based on the results of the autocorrelation test above, the Durbin-Watson value is 1.951. Then the value of du can be known after looking at the table dw obtained a value of 1.803. After getting the value of du, it will be reduced by 4, from the reduction the value is 2.197. To get a conclusion on whether or not there is an autocor-

relation problem, it can be seen by looking at the results of the value  $du < DW < 4-du$ . Based on the table and explanation above, it can be seen that the value of  $du$  is 1.803, the value of  $dw$  is 1.951 and the value of  $4-du$  is 2.197, it can be concluded that there is no autocorrelation problem in the model because of the value of  $du < DW < 4-du$ .

To ascertain whether the regression model identified a link between independent variables, the multicollinearity test is performed (Ghozali, 2009). A good model is one in which the independent variables do not correlate with one another. to determine if the model used to analyze the VIF and Tolerance data has a multicollinearity issue. If the tolerance value is 0.1 and the VIF value is 10, the variable does not exhibit indications of multicollinearity.

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error				Beta	Tolerance
1	(Constant)	-6.107	2.228		-2.741	.007		
	Startup Capital	.159	.032	.336	5.001	.000	.906	1.103
	Product Innovation	.002	.061	.003	.034	.973	.538	1.860
	Social media	.203	.035	.446	5.810	.000	.694	1.441
	SMEs Financing	.226	.050	.293	4.519	.000	.970	1.031
	Ability to Prepare Financial Reports	-.039	.034	-.076	-1.124	.264	.885	1.131
	Business Length	.353	.079	.354	4.464	.000	.651	1.537

Picture 5. Multicollinearity Test (Source: Data Processed)

The heteroscedasticity test is a test used to determine whether there is an inequality of variance between one observation and another observation in the regression model. The Glejser test can be used to detect whether heteroscedasticity symptoms are present or not in the model. The Glejser test results demonstrate that there is no heteroscedasticity if the significant probability value is calculated above the 5% or 0.05 level of confidence.

From Picture 6 of heteroscedasticity test results using the Glejser method above, it can be seen that in the regression model, there are no symptoms of heteroscedasticity. This can be seen by looking at the significance value of each independent variable  $> 0.05$ , namely the venture capital variable with a significance value of 0.089, the product innovation variable with a significance value of 0.481, the social media variable with a significance value of 0.237, the SMEs financing variable with a significance value of 0.442, the variable ability to prepare financial statements with a significance value of 0.051, and the length of the business variable with a significance value of 0.741, the value of each of these variables is greater than 0.05, so it can be concluded that in this study there are no symptoms of heteroscedasticity. The following are the results of the calculation of the results of data analysis using the regression method in software applications.

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	-.042	.076		-.558	.578
	Startup Capital	.002	.001	.179	1.716	.089
	Product Innovation	.001	.002	.096	.707	.481
	Social media	.001	.001	.142	1.191	.237
	SMEs Financing	.001	.002	.078	.771	.442
	Ability to Prepare Financial Reports	-.002	.001	-.209	-1.980	.051
	Business Length	.000	.003	-.041	-.331	.741

a. Dependent Variable: ABS\_RES

Picture 6. Heteroscedasticity Test (Source: Data Processed)

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error				Beta	Tolerance
1	(Constant)	-6.107	2.228		-2.741	.007		
	Startup Capital	.159	.032	.336	5.001	.000	.906	1.103
	Product Innovation	.002	.061	.003	.034	.973	.538	1.860
	Social media	.203	.035	.446	5.810	.000	.694	1.441
	SMEs Financing	.226	.050	.293	4.519	.000	.970	1.031
	Ability to Prepare Financial Reports	-.039	.034	-.076	-1.124	.264	.885	1.131
	Business Length	.353	.079	.354	4.464	.000	.651	1.537

a. Dependent Variable: SMEs Sustainability

Picture 7. Multiple Linear Regression Test (Source: Data Processed)

Based on the results of the above data processing can be seen through the following equation:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + e$$

$$Y = -6,107 + 0,159X_1 + 0,002X_2 + 0,203X_3 + 0,226X_4 - 0,039X_5 + 0,353X_6 + e$$

To perform the t-test is done by comparing the calculated t value with all independent variables with the t table value, at  $df = (n-k-1)$ , where n is the number of data and k is the number of all variables. The following are the results of the t-test that has been carried out through the software application.

Table 3. t-Test

Variable	Coefficient	Sig	t-count	t-table	Information
Startup Capital	0.159	0.000	5.001	1.986	Significance
Product Innovation	0.002	0.973	0.034	1.986	No Significance
Social media	0.203	0.000	5.810	1.986	Significance
SMEs Financing	0.226	0.000	4.519	1.986	Significance
Ability to Prepare Financial Reports	-0.039	0.264	1.124	1.986	No Significance
Business Length	0.353	0.000	4.464	1.986	Significance

Source: Data Processed 2022

The F test in this study is as follows:

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	109.457	6	18.243	25.283	.000 <sup>a</sup>
Residual	67.103	93	.722		
Total	176.560	99			

a. Predictors: (Constant), Business\_Length, Financing\_UMKM, Ability to Compile\_Financial Reports, Business\_Capital, Social\_Media, Product\_Innovation  
 b. Dependent Variable: SMEs Sustainability

Picture 8. F Test  
 (Source: Data Processed)

Based on the table above, the calculated F value is 25.283 with a significance value of 0.000. In the F table, it can be seen that with a 95% confidence level ( $\alpha = 0.05$ ), where F table is obtained in a way that is  $df_1 = k-1$  and  $df_2 = n-k$ , where k is the number of independent variables and dependent variables while n is the amount of data. In this study, the number of k was 7 with the dependent variable being the sustainability of SMEs and the independent variables being venture capital, product innovation, social media, SMEs financing, and the ability to prepare financial reports and length of business. As for the number of n in this study were 100 samples. So, to get  $df_1 = k-1$  ( $7-1 = 6$ ) and  $df_2 = n-k$  ( $100-7 = 93$ ), the F table obtained is (6:93) which is 2.20. In the table above, it can be seen that the calculated F value is 25.28. The results of  $F_{count} > F_{table}$  are  $25.28 > 2.20$  with a significance value of  $0.000 < 0.05$  so it can be concluded that the independent variables are Business Capital (X1), Product Innovation (X2), SocialMedia (X3), SMEs Financing (X4), and Ability to Compile Financial Statements (X5) and Business Length (X6) jointly affect the dependent variable, namely SMEs Sustainability (Y).

The following is the result of the coefficient of determination:

Model	R	R Square	Adjusted R Square	Std. The error in the Estimate
1	.787 <sup>a</sup>	.620	.595	.84943

a. Predictors: (Constant) Business\_Length, Financing\_UMKM, Ability to Compile\_Financial Reports, Business\_Capital, Social\_Media, Product\_Innovation

Picture 9. Coefficient of Determination  
 (Source: Data Processed)

Based on the results from the table above, it can be seen that the Adjusted R Square value generated from data processing in the study is based on the number of samples and the total number of variables used in the Adjusted R Square coefficient of determination where the X variable and Y variable are 0.595, meaning that with a 95% confidence level, the number is obtained. 59.5% which means that the variables of venture capital, product innovation, social media, SMEs financing and the ability to prepare financial reports as well as the length of business affect the SMEs sustainability variable in this study by 59.5% while the other 40.5% is influenced by other variables. others not included in this study.

Business capital has a significant influence on the sustainability of SMEs in Payakumbuh. This can be seen from the significance value of  $0.000 < 0.05$  so it can be said that the capital variable influences the sustainability of SMEs in Payakumbuh City. As a result, it can be said that the venture capital variable has a major impact on SMEs' ability to survive in Payakumbuh City. According to the research findings of Tanti (2020), business capital has a favorable and significant impact on the sustainability of SMEs. The findings of this study corroborate these findings.

Innovation in products does not significantly affect the viability of SMEs in Payakumbuh City. The significance value of  $0.973 > 0.05$  indicates that this is the case, therefore it can be concluded that the product innovation variable has no bearing on the sustainability variable of SMEs in Payakumbuh City. As a result, it is determined that the product innovation variable has a limited impact on SMEs' ability to remain sustainable. Social media significantly affects how long SMEs in Payakumbuh City can survive. It is clear from the significance level of 0.000 that SMEs in Payakumbuh City are affected by the social media variable when it comes to sustainability. The sustainability of SMEs in Payakumbuh City is therefore determined to be largely influenced by the social media variable. The findings of this study are consistent with those of Research Ferdiansyah (2021), which discovered that social media has an impact on SMEs' performance. SME funding significantly and favorably affects the viability of SMEs in Payakumbuh City. It is clear from the significance value of  $0.000 < 0.05$  that the SMEs sustainability variable in Payakumbuh City is influenced by the SMEs finance variable. It is therefore possible to conclude that the SME funding variable has a somewhat large impact on the SME's viability in the city. Payakumbuh. According to research by Nurwahida (2018) based on the findings of this study, financing significantly influences the growth of SMEs at BRI Syariah Bank KC Denpasar-Bali.

The sustainability of SMEs in Payakumbuh City is not significantly impacted by their capacity to compile financial statements. The significance value of  $0.264 > 0.05$  demonstrates this, indicating that the variable relating to a company's capacity to create financial reports has no bearing on the sustainability of SMEs in Payakumbuh City. It is therefore possible to conclude that the SMEs financing variable has a limited impact on the viability of SMEs in Payakumbuh City. This runs counter to a study by Rostikawati (2019), which demonstrates that SMEs' success is influenced by their capacity to create financial reports. This study is in line with research conducted by Astriani (2022) which found that the ability to prepare financial reports did not significantly affect the performance of SMEs. The length of business carried out significantly influences the sustainability of SMEs in Payakumbuh City. This can be seen from the significance value of  $0.000 < 0.05$  so it can be said that the length of the business variable influences the sustainability variable of SMEs in Payakumbuh City.



## 5. Policy Implications

- a. Hold seminars and socialize on the importance of innovation for the business sustainability of microenterprises;
- b. The government is committed to continuing to assist micro business actors whose business objectives are livelihoods when the economy is difficult, such as by providing easy financing on conditions or easy transactions, social assistance, and so on;
- c. Conducting training on how to make simple financial reports as well as providing counseling about the importance of a financial report for a business;
- d. Microbusiness actors must be able to create the latest product ideas for microbusiness actors so that they can compete among traders.

## 6. Conclusions

The adjusted R square value is 0.595 or 59.5%, which means that the influence of business capital, product innovation, social media, SMEs financing, the ability to prepare financial reports, and length of business is 59.5% while the remaining 40.5% is influenced by other variables not included in this study. The results of the research conducted partially that the variables that influence the sustainability of SMEs in Payakumbuh City are the variables of venture capital, social media, SMEs financing, and length of business, while the product innovation variable and the ability to prepare financial reports do not partially affect the sustainability of SMEs in Payakumbuh City.

Several suggestions can be given after seeing the results of this study, including:

- a. SMEs are expected to continue to improve the quality and quantity of their production and innovate so that their products can compete with other products. SME actors are also advised to be able to do simple financial records to know the financial condition of their business;
- b. The role of the relevant government through the Cooperatives and SMEs Service is most needed for SMEs in addition to helping in terms of increasing capital that can be used to improve the quality and selling value of products so that their business continues and develops. The government is also expected to continue to empower SME actors by holding training, seminars, and workshops so that SMEs can develop well;
- c. It is hoped that further researchers will be able to develop the research that researchers have done by adding other variables that influence the sustainability of SMEs.

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