



## **FACTORS INFLUENCING INDONESIA BATIK ENTERPRISE PERFORMANCE VIA FINANCIAL INCLUSION**



**DOCTOR OF PHILOSOPHY**

**2024**



**Institute of Technology Management and Entrepreneurship**



**FACTORS INFLUENCING INDONESIA BATIK ENTERPRISE  
PERFORMANCE VIA FINANCIAL INCLUSION**

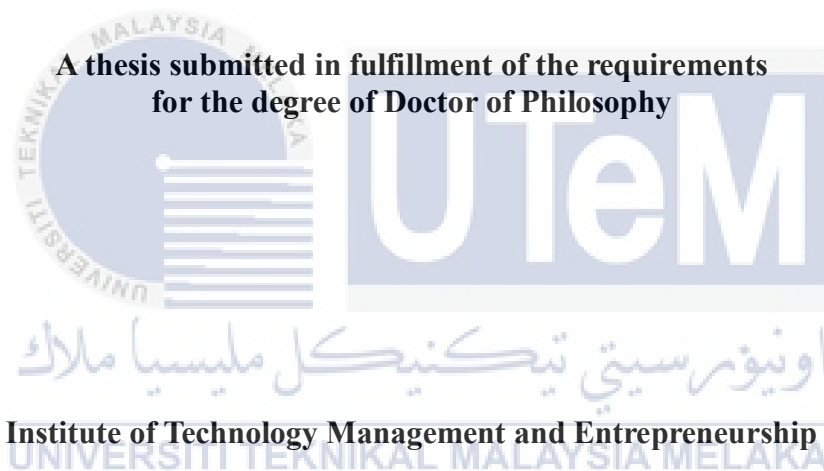
اونيورسيتي تيكنيكل مليسيا ملاك  
UNIVERSITI TEKNIKAL MALAYSIA MELAKA  
**Ratna Damayanti**

**Doctor of Philosophy**

**2024**

**FACTORS INFLUENCING INDONESIA BATIK ENTERPRISE  
PERFORMANCE VIA FINANCIAL INCLUSION**

**RATNA DAMAYANTI**




**UNIVERSITI TEKNIKAL MALAYSIA MELAKA**

**2024**

## DECLARATION

I declare that this thesis entitled “Factors Influencing Indonesia Batik Enterprise Performance via Financial Inclusion” is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.


Signature :   
Name : Ratna Damayanti  
Date : 14<sup>th</sup> February 2024

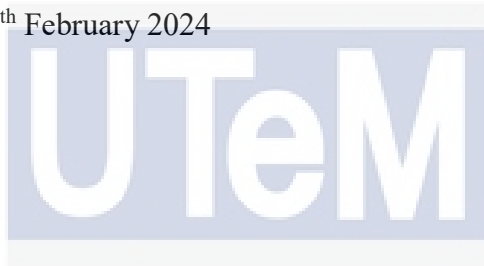


اونيورسيتي تيكنيكل مليسيا ملاك  
UNIVERSITI TEKNIKAL MALAYSIA MELAKA

## APPROVAL

I hereby declare that I have read this thesis and in my opinion this thesis is sufficient in terms of scope and quality for the award of Doctor of Philosophy.

Signature :   
Supervisor Name : Assoc. Prof. Dr. Samer Ali Huseein Al-Shami  
Date : 16<sup>th</sup> February 2024



اونيورسيتي تيكنيكل مليسيا ملاك

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

## DEDICATION

This thesis is dedicated to my family and to all my colleagues to attain higher education and achievement of worthy of emulation.



## ABSTRACT

Batik, is an Indonesian textile art form, holds immense economic and cultural importance, serving as a significant contributor to the nation's growth and heritage preservation. Small and Medium Enterprises (SMEs) specializing in Batik play a crucial role in driving Indonesia's economy, substantially contributing to the GDP. However, these enterprises encounter challenges such as slow growth and limited access to credit, hindering their full potential. The Batik industry also suffers from deficiencies in financial literacy and the adoption of digital marketing strategies, further impeding its development. Additionally, factors such as networking and social media can control access to financial services, yet there is a lack of empirical research in the Indonesian context. Driven by a quantitative method, this research aims to investigate the relationship between financial literacy, digital financial literacy, and financial inclusion in small Batik enterprises, considering the moderating effect of online social networks. A comprehensive survey involving 525 managers, owners, and financial officers of small Batik enterprises was conducted, employing the SmartPLS statistical analysis method for robust analysis. The findings highlight the significant roles of financial literacy and digital financial literacy in enhancing financial inclusion for small Batik enterprises. Moreover, the study reveals that the use of social media as an online social network moderates these relationships, further amplifying the impact of financial and digital literacy on financial inclusion. These insightful results contribute significantly to existing knowledge, offering valuable insights to policymakers, stakeholders, and industry players for enhancing the performance of small Batik enterprises. Additionally, the study proposes a digital financial model to promote financial inclusion, providing a practical framework to foster the growth and development of Batik SMEs. The research sheds light on the importance of financial and digital literacy in achieving financial inclusion for small Batik enterprises and emphasizes the role of online social networks as a moderating factor. Furthermore, the theoretical contribution to the resource-based view adds depth to our understanding of the strategic management aspects affecting Batik enterprises, particularly in the context of resource allocation and utilization. The findings hold significant implications for the industry, promoting a deeper understanding of the factors influencing the success and growth of Batik enterprises and offering actionable recommendations for their sustainable development.

## **FAKTOR-FAKTOR YANG MEMPENGARUHI PRESTASI PERUSAHAAN BATIK INDONESIA MELALUI PENGLIBATAN KEWANGAN**

### **ABSTRAK**

*Batik, satu bentuk seni tekstil Indonesia, memegang pentingnya ekonomi dan budaya yang besar, menjadi penyumbang penting kepada pertumbuhan negara dan pemeliharaan warisannya. Syarikat Kecil dan Sederhana (SME) yang mengkhusus dalam Batik memainkan peranan penting dalam memacu ekonomi Indonesia, menyumbang secara besar-besaran kepada KDNK. Walau bagaimanapun, syarikat-syarikat ini menghadapi cabaran seperti pertumbuhan yang perlahan dan akses terhadap kepada kredit, yang menghalang potensi penuh mereka. Industri Batik juga mengalami kekurangan literasi kewangan dan penggunaan strategi pemasaran digital, yang lebih menghalang perkembangannya. Selain itu, faktor-faktor seperti rangkaian dan media sosial boleh mengawal akses kepada perkhidmatan kewangan, namun kurangnya kajian empirikal dalam konteks Indonesia. Digerakkan oleh kaedah kuantitatif, penyelidikan ini bertujuan untuk menyiasat hubungan antara literasi kewangan, literasi kewangan digital, dan inklusi kewangan dalam syarikat kecil Batik, dengan mempertimbangkan kesan penyederhana rangkaian sosial dalam talian. Satu tinjauan menyeluruh melibatkan 525 pengurus, pemilik, dan pegawai kewangan syarikat kecil Batik telah dijalankan, menggunakan kaedah analisis statistik SmartPLS untuk analisis yang kukuh. Temuan kajian ini menunjukkan peranan penting literasi kewangan dan literasi kewangan digital dalam meningkatkan inklusi kewangan bagi syarikat kecil Batik. Tambahan pula, kajian ini mendedahkan bahawa penggunaan media sosial sebagai penyederhana rangkaian sosial dalam talian mengukuhkan hubungan ini, yang lebih memperbesarkan kesan literasi kewangan dan digital terhadap inklusi kewangan. Hasil yang mendalam ini memberikan sumbangan yang signifikan kepada pengetahuan sedia ada, menawarkan pandangan berharga kepada pembuat dasar, pihak berkepentingan, dan pemain industri untuk meningkatkan prestasi syarikat kecil Batik. Selain itu, kajian ini mencadangkan model kewangan digital untuk menggalakkan inklusi kewangan, menyediakan kerangka kerja praktikal untuk mempromosikan pertumbuhan dan pembangunan SME Batik. Penyelidikan ini menerangkan kepentingan literasi kewangan dan digital dalam mencapai inklusi kewangan bagi syarikat kecil Batik dan menekankan peranan rangkaian sosial dalam talian sebagai faktor penyederhana. Selanjutnya, sumbangan teori kepada pandangan sumber berpusat menambah kedalaman pemahaman kita tentang aspek pengurusan strategik yang mempengaruhi syarikat Batik, terutamanya dalam konteks peruntukan dan penggunaan sumber. Temuan ini mempunyai implikasi yang penting bagi industri, mempromosikan pemahaman yang lebih mendalam tentang faktor-faktor yang mempengaruhi kejayaan dan pertumbuhan syarikat Batik serta menawarkan cadangan yang boleh dilaksanakan untuk pembangunan lestari mereka.*



## ACKNOWLEDGEMENTS

First and foremost, I would like to take this opportunity to express my sincere acknowledgment to my supervisor Assoc. Prof. Dr. Samer Ali Hussein Al-Shami from the Institute of Technology Management and Entrepreneurship, Universiti Teknikal Malaysia Melaka (UTeM) for his essential supervision, support, and encouragement towards the completion of this thesis.

I would also like to express my greatest gratitude to Assoc. Prof. Dr. Safiah Binti Sidek, from the Institute of Technology Management and Entrepreneurship as a co-supervisor of this project for her advice and suggestions.

Special thanks to Yayasan Perguruan Tinggi Islam Batik and UTeM for short-term grant funding for the financial support throughout this project.

Particularly, I would also like to express my deepest gratitude to all my peers. Their moral support in completing this degree. Lastly, thank you to everyone who had been to the crucial parts of the realization of this project.

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>DECLARATION</b>	
<b>DEDICATION</b>	
<b>ABSTRACT</b>	<b>i</b>
<b>ABSTRAK</b>	<b>ii</b>
<b>ACKNOWLEDGEMENTS</b>	<b>iii</b>
<b>TABLE OF CONTENTS</b>	<b>iv</b>
<b>LIST OF TABLE</b>	<b>vii</b>
<b>LIST OF FIGURES</b>	<b>ix</b>
<b>LIST OF ABBREVIATIONS</b>	<b>x</b>
<b>LIST OF SYMBOLS</b>	<b>xi</b>
<b>LIST OF APPENDICES</b>	<b>xii</b>
<b>LIST OF PUBLICATION</b>	<b>xiii</b>
<b>CHAPTER 1            INTRODUCTION</b>	<b>1</b>
1.1    Research Background	1
1.2    Batik and Indonesian Economy Development	3
1.3    Problem Statement	5
1.4    Research Questions	8
1.5    Research Objective	8
1.6    Significant of the Research	9
1.7    Research Scope	9
1.8    Operational Definition	10
1.8.1    Financial Literacy	10
1.8.2    Digital Financial Literacy	10
1.8.3    Financial Inclusion	11
1.8.4    Social Network	11
1.8.5    Social Media Use	11
1.8.6    Firms Performance	11
1.9    Thesis Organization	12
1.10    Summary	13
<b>CHAPTER 2            LITERATURE REVIEW</b>	<b>14</b>
2.1    Introduction	14
2.2    Batik Industry in Indonesia	15
2.3    Underpinning Theory	23
2.4    Financial Inclusion	27
2.5    Financial Literacy	32
2.6    Digital Financial Literacy	33
2.7    Social Media	35
2.8    Social Network	37
2.9    Firms Performance	38
2.10    Hypotheses Development	38
2.10.1    Financial Inclusion and Small Enterprise Performance	38

2.10.2	Financial Literacy and Financial Inclusion	40
2.10.3	Digital Financial Literacy and Financial Inclusion	42
2.10.4	Financial literacy and Batik Enterprises Performance	43
2.10.5	Mediating Effect of Financial Inclusion	45
2.10.6	Social Network and Social Media Moderator	46
2.11	Framework	48
2.12	Summary	50
<b>CHAPTER 3          METHODOLOGY</b>		<b>52</b>
3.1	Introduction	52
3.2	Research Design	52
3.2.1	Research Process	53
3.3	Research Paradigm	55
3.3.1	Positive and Phenomenological Paradigms	56
3.3.2	Inductive and Deductive Research Strategies	58
3.3.3	Quantitative Methodology	59
3.4	Operationalization of Constructs	61
3.4.1	Exogenous Variables	62
3.4.2	Mediation Variable	65
3.4.3	Endogenous Variables	67
3.4.4	Moderators	68
3.4.5	Survey Questionnaire Development	70
3.4.6	Pilot Test	73
3.5	Data Collection	76
3.5.1	Sampling Techniques	77
3.5.2	Sampling Size	80
3.6	Data Analysis Technique	82
3.6.1	Preliminary Data Analysis	82
3.6.2	Structural Equation Modelling (SEM)	83
3.7	Measurement Model	84
3.7.1	Reliability Measures	84
3.7.2	Content Validity	85
3.7.3	Convergent Validity	86
3.7.4	Discriminant Validity	86
3.8	Structural Model	87
3.8.1	Collinearity Assessment	87
3.8.2	Estimating Path Coefficients	88
3.8.3	Measuring Coefficient of Determination $R^2$	88
3.8.4	Measuring Effect Size ( $f^2$ )	89
3.8.5	Mediating Effect	89
3.9	Summary	90
<b>CHAPTER 4          RESULT AND DISCUSSION</b>		<b>92</b>
4.1	Introduction	92
4.2	Data Screening	92
4.2.1	Survey Bias Test	93
4.2.2	Normality Test	94
4.3	Demographic Analysis	96
4.4	Descriptive Statistics Results of the variable of this study	98

4.4.1	Financial Literacy	98
4.4.2	Digital Financial Literacy (DFL)	100
4.4.3	Financial Inclusion (FI)	102
4.4.4	Batik Enterprises Performance (BEP)	103
4.4.5	Social Network	104
4.4.6	Social Media Use	105
4.5	Analysis of Research Model	105
4.5.1	Assessment of Measurement Model	106
4.5.2	Assessment of Structural Model	113
4.5.3	Evaluation of Mediator	119
4.5.4	Assessment of Moderator (SN over FL and FI )	123
4.5.5	Assessment of Moderator (SN over DFL and FI)	125
4.5.6	Assessment of Moderator (SMU over FL and FI)	127
4.5.7	Assessment of Moderator (SMU over DFL and FI)	129
4.6	Summary	132

**CHAPTER 5 CONCLUSION AND RECOMMENDATION FOR FUTURE RESEARCH 134**

5.1	Introduction	134
5.2	The Overview	135
5.3	Key Findings	136
5.4	Interpretation of Findings	139
5.4.1	Research Question 1	139
5.4.2	Research Question 2	141
5.4.3	Research Question 3	142
5.4.4	Research Question 4	145
5.4.5	Research Question 5	146
5.4.6	Research Question 6	147
5.5	Research Contribution	149
5.5.1	Theoretical Contribution	149
5.5.2	Managerial Contribution	151
5.6	Limitations of the Study	152
5.7	Implication for Practice and Policy Implication	153
5.8	Conclusion	154

<b>REFERENCE</b>	<b>156</b>
<b>APPENDICES</b>	<b>182</b>

## LIST OF TABLES

<b>TABLE</b>	<b>TITLE</b>	<b>PAGE</b>
Table 2.1	Nature of Study	19
Table 2.2	Research Topics of Financial Inclusion	29
Table 3. 1	Research Process	54
Table 3.2	Differences Between Positivist and Phenomenological Paradigms	57
Table 3,3	Differences between Inductive and Deductive Research Strategie	59
Table 3.4	The Measurement of Financial Literacy	63
Table 3.5	The Measurement of Digital Financial Literacy	65
Table 3.6	The Measurement of Financial Inclusion	66
Table 3.7	The Measurement of Batik Enterprises' Performance	67
Table 3.8	The Measurement of Social Network	68
Table 3.9	The Measurement of Social Media Use	70
Table 3.10	Preliminary Investigation/Pre-test Validation	72
Table 3.11	Numb Rule of Thumb Using Cronbach's Alpha	74
Table 3.12	Results of Reliability Analysis	75
Table 3.13	The Description of Sampling Techniques	78
Table 3.14	Summary of The Suggestions for Minimum Sample Size	80
Table 4.1	Skewness and Kurtosis for Variables of The Study	95
Table 4.2	Personal Profile of Respondents	97
Table 4.3	Descriptive statistic for related items to Financial Literacy (FL)	99
Table 4.4	Descriptive statistics for related items to Digital Financial Literacy (DFL)	101
Table 4.5	Descriptive statistics for related items to Financial Inclusion	102

Table 4.6	Descriptive statistics for a related item to Batik Enterprises' Performance	103
Table 4.7	Descriptive statistics for related items to Social Network	104
Table 4.8	Descriptive Statistics for Related Items to Social Media	105
Table 4.9	Internal Consistency Measures	107
Table 4.10	Indicator Outer Loadings (Before Elimination)	107
Table 4.11	Average Variance Extracted (AVE) Values	110
Table 4.12	Fornell-Larcker Criterion	111
Table 4.13	Cross Loadings	112
Table 4.14	VIF Values	114
Table 4.15	Path Coefficients	116
Table 4.16	Coefficient of Determination	118
Table 4.17	$f^2$ Values for Each Path	119
Table 4.18	Direct and Indirect Paths (FL→FI →BEP)	120
Table 4.19	Direct and Indirect Paths (DFL -> FI -> BEP)	121
Table 4.20	Significance of moderating effect of SN over FL and FI	124
Table 4.21	Significance of moderating effect of SN over DFL and FI	126
Table 4.22	Significance of moderating effect of SMU over FL and FI	128
Table 4.23	Significance of moderating effect of SMU over DFL and FI	131
Table 5.1	Key Finding	137

## LIST OF FIGURES

<b>FIGURE</b>	<b>TITLE</b>	<b>PAGE</b>
Figure 1.1	Batik Exports of Indonesia (in Million USD)	5
Figure 1.2	Processes Performed in Each Chapter	13
Figure 2.1	State of The Art The Theory	27
Figure 2.2	Conceptual Framework	49
Figure 3.1	Inductive Research	60
Figure 3.2	Deductive Research	60
Figure 3.3	Steps in designing survey questionnaire	70
Figure 3.4	Mediator Analysis Procedure in PLS-SEM	90
Figure 4.1	Factor Loadings	109
Figure 4.2	Path coefficients (FL→FI→BEP)	120
Figure 4.3	Path coefficients (DFL→FI→BEP)	122
Figure 4.4	Moderating effect of SN over FL and FI	124
Figure 4.5	TWO-WAY Interaction Term	125
Figure 4.6	Moderating effect of SN over DFL and FI	126
Figure 4.7	Moderating effect of SMU over FL and FI	128
Figure 4.8	TWO-WAY Interaction Term	129
Figure 4.9	Moderating effects of SMU over DFL and FI	131
Figure 4.10	TWO-WAY Interaction Term	132

## LIST OF ABBREVIATIONS

DFL	-	Digital Financial Literacy
ICT	-	Information and Communication Technology
RBV	-	Resource-Based View
SMEs	-	Small and Medium Sized Enterprises





## LIST OF SYMBOLS

$f^2$	-	Effect Size
$R^2$	-	Coefficient of Determination



## LIST OF APPENDICES

APPENDIX	TITLE	PAGE
A	Questionnaire 1	182
B	Questionnaire 2	191
C	List of SMEs Company	200



## LIST OF PUBLICATION

Damayanti, R., Al-Shami, S.S.A., Bin Rahim, A.B.R., and Marwati, F.S., 2018. Factors that influence financial literacy on small medium enterprises: A literature review. *Opcion*, 34(86), pp.1540-1557.



# CHAPTER 1

## INTRODUCTION

### 1.1 Research Background

Small and Medium Enterprises (SMEs) in developing countries are widely stated in the literature to be important socially and economically for several reasons, including their wide dispersion across rural areas, making them very important for rural economic development; (ii) their ability to absorb a significantly large number of workers; (iii) their role as a place for entrepreneurship and business skill development, particularly in rural areas; and (iv) their ability to absorb a significantly large number of workers.

Batik SMEs is one of the superior products with competitiveness in both local and foreign markets; the variety of styles produced represents the distinctiveness of each region that stems from generations of tradition (Rumanti, Sunaryo, Wiratmadja, and Irianto, 2021). Batik is well recognized as one of the distinctive characteristics of the Southeast Asian region. Malaysia, Indonesia, China, and India are among the countries that have preserved their batik heritage. The Indonesian Batik industry is one of the creative industries and potentially become a favorite fashion in Indonesia, which has been recognized by UNESCO as a masterpiece within the oral and intangible heritage of humanity (Martuti, Hidayah, Margunani, and Alafima, 2020). According to (Suparno, Wibowo, Mukhtar, Narmaditya, and Sinta, 2019), Indonesian Batik plays a central role, ranks third in Indonesian export and employs more than 2.79 million people that could meet 70 percent of the domestic clothing. The Industry Ministry reported that the export value of batik in 2020 reached US\$533 million (Bhwana, 2021). The batik industry has thus far significantly contributed to the national economy, including by creating many job opportunities as it is dominated by small and medium-sized industries (SMEs). Therefore, the

Indonesian industry minister declared that the batik industry received priority development because it is considered to have great leverage in boosting national economic growth (Bhwana, 2021).

Batik is a traditional textile art form that has been practiced in Indonesia for centuries. It involves using wax to create intricate designs on fabric before dyeing it with vibrant colors. Batik is not just a form of art but it's also an important cultural heritage of Indonesia. It reflects the diversity of Indonesian culture, history, and traditions. Small enterprises that produce batik play a crucial role in Indonesia's economy (Rumanti et al., 2021). This industry can be traced back to the 6th century, during the reign of the Javanese Majapahit Kingdom (Hall, 2019). Batik was considered a luxurious and prestigious item, and it was primarily used by the royal family and nobility. Over time, batik production spread throughout Java, and it became a common household item among the general population. In the 17th century, the Dutch colonialists in Indonesia recognized the commercial potential of batik and began exporting it to Europe (Hochstrasser, 2011).

During the 20th century, batik production became more standardized, with the development of industrial techniques for producing batik fabric (Widiana, 2021). However, the traditional art of hand-drawn batik, where the designs are created by hand using a wax-resist technique, remained popular and continued to be practiced by skilled artisans. In the 1950s and 1960s, the Indonesian government recognized the importance of batik as a cultural heritage and began to promote it both locally and internationally. The government established batik schools and workshops, which helped to improve the quality of batik production and preserve traditional techniques.

## 1.2 Batik and Indonesian Economy Development

Indonesia is a country with many ethnicities and customs. Batik is an Indonesian cultural legacy that has become an icon and symbol of Indonesian identity. The name batik is supposed to be derived from the word “*ambatik*”, which means "a textile with small dots." The suffix '*tik*' implies to drop, point, or produce little dots. Batik may also derive from the Javanese word '*tritik*,' which refers to a resist dyeing process in which the patterns are reserved on the fabrics before dyeing by tying and sewing areas, similar to tie-dye processes. An article from the Living in Indonesia stated that "*mbatik manah*," which means "painting a batik design on the heart," is another Javanese phrase for the mystical experience of producing batik (2023). Besides that, according to (Dora and Poetiray, 2012), The term "batik" refers to a piece of fabric that has been enhanced using a wax resist process. However, batik originally refers to a process for creating a pattern that uses wax as resistance, allowing it to be applied to any type of material such as textiles (cotton, silk, and drab are typical) as garments, wood as furniture or barrier, or even paper as decorating components. This large range of material choices should be viewed as a chance to further enhance batik.

The Indonesian batik industry has been recognized by the Indonesian Department of Trading as one of the nation's 14 existing creative industries. (Budiono and Aryanto, 2010). The implications of batik as a creative industry in the development of Indonesia's economy and socio-culture cannot be overstated. Indonesian batik producers are largely home-based and consist of interconnected small and medium companies (SMEs) spread over the archipelago. However, well-known batik centers, such as Cirebon, Yogyakarta, Pekalongan, and Surakarta, are mostly found in Central Java. (Syed Shaharuddin et al., 2021).

As stated above, batik production in Indonesia is still primarily carried out by small enterprises, often operated by families in rural areas. The industry continues to be an important part of Indonesia's cultural heritage and economy, with batik designs evolving to reflect

contemporary styles and trends. The Indonesian Batik industry is one of the creative industries and potentially become a favourite fashion in Indonesia, which has been recognized by UNESCO as a masterpiece within the oral and intangible heritage of humanity in Abu Dhabi, October 2nd, 2009 (Martuti et al., 2020). However, after UNESCO recognition of Indonesian batik, the Indonesian government requested that all Indonesians wear batik on Friday. Batik's popularity has spread across the territory of Indonesians, including government officials, students, and private-sector executives, who wear batik as part of their national identity. Batik has emerged as the primary business based on national culture. Indonesian designers' innovation in batik, including material and patterns, has increased its popularity (Indarti, Rahayu, and Peng, 2020). Batik becomes popular throughout the world. Batik is now utilized for more than just clothing. It is also used for furnishing fabrics, large canvas wall hangings, tablecloths, and household accessories. (Steelyana, 2012).

This sector employs around two million people, and small enterprises account for a significant portion of this workforce. According to (Suparno et al., 2019), Indonesian Batik plays a central role, ranks third in Indonesian export, and employs more than 2.79 million people that could meet 70 percent of the domestic clothing. The Industry Ministry reported that the export value of batik in 2020 reached US\$533 million (Bhwana, 2021). The batik industry has thus far significantly contributed to the national economy, including by creating many job opportunities as it is dominated by small and medium-sized industries (SMEs). These small businesses are usually family-owned and operated, with skills and techniques passed down from generation to generation. They often operate from home, which means they have low overhead costs and can produce batik at a lower price point than larger businesses. In addition to supporting the local economy, batik small enterprises also contribute to Indonesia's tourism industry. Tourists from all over the world visit Indonesia to see and buy batik, which is often used to make traditional clothing and accessories. Therefore, the Indonesian industry minister

declared that the batik industry received priority development because it is considered to have great leverage in boosting national economic growth (Bhwana, 2021).

### 1.3 Problem Statement

Batik small enterprises are an essential part of Indonesia's cultural heritage and economy. They preserve traditional skills and techniques, create employment opportunities, and contribute to the country's tourism industry. Even though, there are a large number of Batik firms in Indonesian, only very few firms succeeded to extend their size to large and medium-scale batik industry groups, as many as 208 batik industries (Sumani, Awwaliyah, Suryaningsih, and Nurdin, 2022). Several factors constrain the growth of small Batik enterprises and at the heart of them is accessing funds (Raya et al., 2021). For example, in Indonesia as shown in Figure 1, the performance of Batik MSMEs decreasing gradually since 2015 (Siregar, Suryana, Ahman, and Senen, 2020).

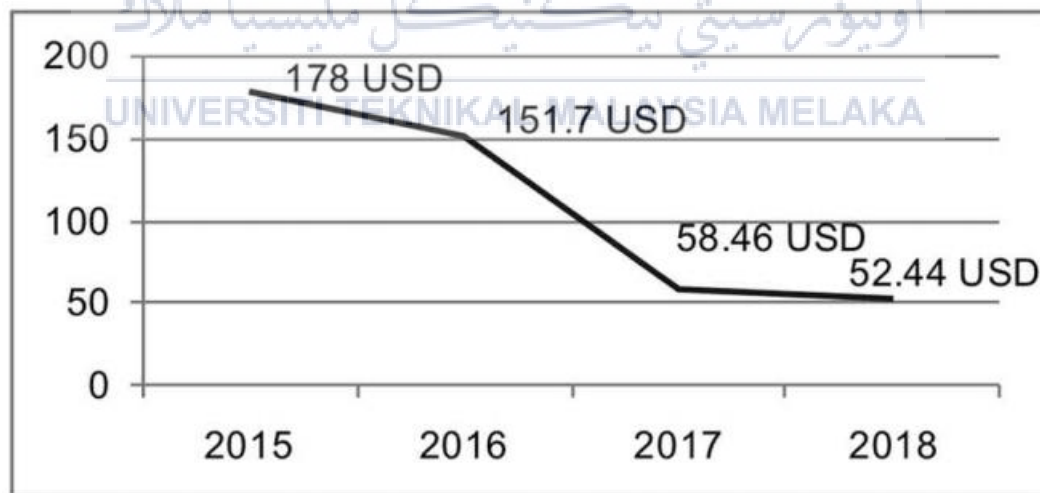


Figure 1.1 Batik Exports of Indonesia (in Million USD)

Source: (Siregar et al., 2020).

Another issue is that the COVID-19 Pandemic weakened some industries, including small and medium-sized enterprises (SMEs), which were forced to close. The decline in