

## SUMMARY

Micro, Small and Medium Enterprises are businesses that have an essential role in the Indonesian economy. A total of 117 million workers were absorbed into MSMEs in 2018. MSMEs have also contributed to the Gross Domestic Product (GDP) of IDR 8.573 trillion or around 57.8% of Indonesia's total GDP in 2018. Pekalongan is a city located in the northern part of Central Java Province with good MSMEs growth rate. Having 21.998 MSMEs in 2020, around 741 of them are SMEs engaged in the batik industry.

However, in 2016, the batik SMEs of Pekalongan City still did not utilize e-commerce. This is due to business actors who find it difficult to operate the platform and think that traditional transactions are easier to do. The level of financial literacy of business actors is also still low. Business actors still lack an understanding of financial knowledge, loans, investments, and savings. The practice of making accounting reports is also still rarely done. Good profit calculations are still not in attention because business actors only think at least they can pay their employees. This is also caused by the lack of entrepreneurial competency possessed by business actors. This study aims to examine the effect of e-commerce, financial literacy, accounting information, and entrepreneurial competency on the increase of batik SMEs income in Pekalongan City.

This research uses Goal-Setting Theory as the main theory, a motivational theory that emphasizes the importance of the relationship between the goals set and the resulting performance. The primary purpose of establishing a business is to make a profit/income. Therefore, business owners and/or managers must translate these goals into strategic steps to achieve increased income. These business objectives can be acquired by the factors described by the Theory of Planned Behavior which is the supporting theory in this research. This theory explains that the behaviour did by individuals arises because of the intention of the individual to behave, which is caused by several internal and external factors of the individual himself.

E-commerce is the activity of buying and selling goods/services or transmitting data/funds through electronic networks such as the internet, TV, or other computer networks. Financial literacy is knowledge, skills, and beliefs that influence attitudes and behaviour to improve decision-making and financial management quality to achieve prosperity. Furthermore, accounting information is the result of the accounting process, which includes recording, classifying, summarizing, and presenting in specific ways the company's transactions in the form of financial statements into a form that is meaningful to the recipient and can help make the company decisions. Then entrepreneurial competency is a skill or ability of a person that includes attitudes, beliefs, personality, knowledge, and behaviour in creating strategic steps to achieve business success according to the company's vision and mission.

This research classified as quantitative research. The data used in this study is primary data with the data source of respondents' answers to the questionnaires that have been distributed. The object in this research is batik SMEs registered on the Department of Trade, Cooperatives, and SMEs of Pekalongan as of January 7, 2021, with 741 units as the sample. The sampling technique used was purposive sampling. This study uses four independent variables and one dependent variable. Measurement of independent variables, namely e-commerce, financial literacy, accounting information, entrepreneurial competency, and dependent variable of increased income, uses a 5-point Likert scale. The data analysis used is Data Quality Test (Validity Test and Reliability Test), Classical Assumption Test (Normality Test, Multicollinearity Test, and Heteroscedasticity Test), Multiple Regression Analysis, Goodness of Fit Test, Determination Coefficient ( $R^2$ ), and Hypothesis Test (F-Test and t-Test).

The results of the five proposed hypotheses, four hypotheses accepted, and one hypothesis rejected. The variables of e-commerce, financial literacy, accounting information, and entrepreneurial competency simultaneously have a positive and significant effect on increasing the income of SMEs. The variables of e-commerce and accounting information have a positive and significant effect on increasing the income of SMEs. The entrepreneurial competency variable has a negative and significant effect on increasing the income of SMEs. While financial literacy has no effect on increasing the income of SMEs.

For the government, it is necessary to hold training/socialization related to increasing understanding for batik SMEs in managing their business, especially financial literacy. This research is expected to be used as a reference for the government to make a solutive policy following the problems that occur among batik business actors. As for batik SMEs, from the results of this study, it is hoped that they can be aware and evaluate themselves to further improve their understanding of the factors that can increase business income. It can be done by participating in training/socialization held by the Department of Trade, Cooperatives, and SMEs of Pekalongan.

**Keywords:** E-commerce, Financial Literacy, Accounting Information, Entrepreneurial Competency, Increased Income, SMEs.