

# The Effect of Sellers' Social Network, Work Ethos, and Business Sustainability Strategy on Business Sustainability of Batik Sellers in Klewer Market post-fire 2014

Ulfa Fauzia Argesty<sup>1</sup> Yulius Slamet<sup>2</sup> Bagus Haryono<sup>2</sup>

1.Student of Sociological Department of Postgraduate Program of Surakarta Sebelas Maret University, Indonesia

2.Lecturer of Sociological Department of Postgraduate Program of Surakarta Sebelas Maret University, Indonesia

## Abstract

The problem of research was how far the fire in Klewer Market in 2014 affected the batik sellers in Klewer Market. This fire resulted in some loss among the batik sellers. The subject of research was the batik sellers encountering fire in 2014. This study was a quantitative research with survey method. The instrument used was questionnaire. Meanwhile the sample used in this research consisted of 100 respondents. The sample was taken using simple random sampling technique. The result of research showed that in this fire disaster, there was a situational change requiring adaptation among the corresponding parties in order to achieve the intended objective. The result of research showed that 1) there was a direct significant effect of Klewer Market sellers' social network on their business sustainability, 2) there was a direct significant effect of sellers' work ethos on their business sustainability, 3) there was a direct significant effect of sellers' business sustainability strategy on their business sustainability, 4) there was an indirect effect of sellers' social network on their business sustainability through business sustainability strategy, and 5) there was an indirect effect of sellers' social network on their business sustainability through business sustainability strategy.

**Keywords:** Social network, work ethos, business sustainability strategy, business sustainability.

## 1. Introduction

### 1.1. Background

Klewer Market (Pasar Klewer) was burnt on December 17, 2014. This fire burnt up the western part of Klewer Market. This fire, of course, exerted considerable effect on the sellers, buyers and local government. The fire incapacitated the economic artery slightly in Solo City. Through the fire, thousands sellers might lose their merchandises and business sites. They encountered up to billions rupiah loss, recalling the very large amount of money circulating every day there. This big fire incidence made the public, particularly the city government and seller association moved quickly to secure the business sustainability of Klewer Market sellers. The business sustainability of Klewer Market sellers requires support from many parties in maintaining and developing their business. This fire disaster requires adaptation among the corresponding parties in order to achieve the intended objective.

## 2. Literature Review

The theory used in this research was Talcott Parson's functional structural theory. Functional structural theory is basically the one addressing human behavior in the context of society and how the behavior can maintain balance condition in community organization. In functional theory, society (community) is a social system consisting of interrelated elements integrated in balance. The change occurring in one element will lead to the change in another (Panurian et al., 2014: 4). Society, according to Parson, is a social system with four imperative functions constituting the characteristics of a system. The four systems are called AGIL. The concept of AGIL stands for A (Adaptation), G (Goal Attainment), I (Integration), and L (Latency) (Haryanto, 2012: 20).

### 2.1. Adaptation

The function of adaptation is a system to maintain important sources in social system in facing external demand. Every social system is required to adapt to the surrounding environment.

### 2.2. Goal Attainment

The function of goal attainment is the one when the system prioritizes the objective and mobilizes resource to attain the objective. Every system should have an instrument to mobilize the resource it has to achieve the objective of system.

### 2.3. Integration

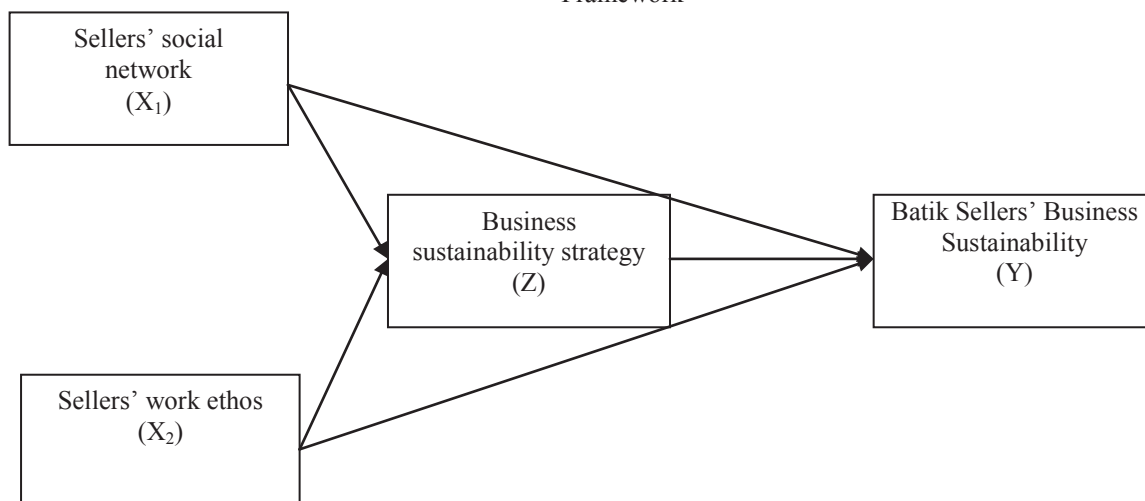
The function of integration is the processes occurring in internal system coordinating the interrelationship existing in sub system. The function of integration is to enable the social system to maintain its integrity or

wholeness.

#### 2.4. Latency

The function of latency in functional structural theory is the process when system maintains motivation and social consensus using social control. Every system should maintain its social system as well as possible in a balanced condition.

Figure  
 Framework



### 3. Method

This research was taken place in Klewer Market in Surakarta City. This location was taken because Klewer Market is one of the largest markets in Surakarta City encountering fire on December 27, 2014. This study was a quantitative research with survey method. The instrument used was questionnaire. The population of research was Batik sellers in Klewer Market. Meanwhile, the sample used in this research consisted of 100 respondents. The sampling technique used was simple random sampling. Data validation was carried out using validity and reliability tests.

The data source employed in this research consisted of primary and secondary ones. Primary data of research was obtained from the questionnaire distributed to batik sellers in Klewer Market and interview. Meanwhile, secondary data used in this research was the one coming from Market Managing Office of Surakarta City.

### 4. Result and Discussion

#### 4.1. Result

##### 4.1.1. Coefficient of correlation

Table 1  
 Coefficient of Correlation

| Variable                                | X <sub>1</sub> | X <sub>2</sub> | Z     | Y     |
|---|----------------|----------------|-------|-------|
| X <sub>1</sub><br>(Social Network)      | -              | 0.10           | 0.204 | 0.627 |
| X <sub>2</sub><br>(Work Ethos)          | 0.10           | -              | 0.486 | 0.277 |
| Z<br>(Business Sustainability Strategy) | 0.204          | 0.486          | -     | 0.418 |
| Y<br>(Business Sustainability)          | 0.627          | 0.277          | 0.418 | -     |

From table 1, it can be concluded that the correlation between X1 and X2 is 0.56. The correlation between X1 and Z is 0.204. The correlation between X1 and Y is 0.627. Correlation between X2 and Z is 0.486. Meanwhile, correlation between X2 and Y is 0.277. Correlation between Z and Y variables is 0.418.

4.1.2. Coefficient of regression

Table 2  
 Coefficient of Regression

| Independent Variable                                | Z     | Y     |
|---|-------|-------|
| X <sub>1</sub>                                      | 0.199 | 0.581 |
| X <sub>2</sub>                                      | 0.484 | 0.165 |
| Y   | 0.219 | -     |
| <i>Coefficient of Determination (R<sup>2</sup>)</i> | 0.276 | 0.501 |

From the table above, it can be seen that R<sup>2</sup>Z is 0.276. So, based on Coefficient of determination, it can be concluded that 27.6% of variable is explained in this research. Meanwhile, to find coefficient of non-determination, the following formula is used.

$$P_{zy} = \sqrt{1 - R_{zx1x2}^2}$$

$$P_{zy} = \sqrt{1 - 0.276}$$

$$P_{zy} = \sqrt{0.724}$$

$$P_{zy} = 0.851$$

$$P_{zy}^2 = 0.724$$

$$P_{zy}^2 = 72.4 \%$$

So, the coefficient of non-determination or the variant not explained is 72.4%. Meanwhile, R<sup>2</sup> Y is 0.401. So coefficient of determination Y or the explained variant is 50.1%. Meanwhile, coefficient of non-determination is as follows:

$$P_{yw} = \sqrt{1 - R_{yx1x2z}^2}$$

$$P_{yw} = \sqrt{1 - 0.501}$$

$$P_{yw} = \sqrt{0.499}$$

$$P_{yw} = 0.706$$

$$P_{yw}^2 = 0.499$$

$$P_{yw}^2 = 49.9 \%$$

So, coefficient of non determination Y or non-explained variants is 49.9%. From the table above, it can be seen that there are direct, indirect and total effects as follows:

Direct Effect of DE

The direct effect of each variable can be found in the following formula:  $P_{xy} = \beta_{xy}^*$

$$X_1 \longrightarrow Z = 0.199$$

$$X_2 \longrightarrow Z = 0.484$$

$$X_1 \longrightarrow Y = 0.581$$

$$X_2 \longrightarrow Y = 0.165$$

$$Z \longrightarrow Y = 0.219$$

Indirect Effect

The indirect effect of each variable can be found in the following formula

$$P_{xzy} = P_{zy} \times P_{xz}$$

$$X_1 \longrightarrow Z \longrightarrow Y = 0.199 \times 0.219 = 0.043581$$

$$X_2 \longrightarrow Z \longrightarrow Y = 0.484 \times 0.219 = 0.105996$$

Total Effect

The total effect of each variable can be found in the following formula.

$$r'_{xy} = P_{xy} + P_{zy}P_{xz} + P_{zy}P_{zx}r'_{xx} + P_{x'y}r'_{xx'}$$

$$\begin{aligned} R_{x1y} &= P_{x1y} + (P_{zy} \times P_{x1z}) + (P_{zy} \times P_{zx2} \times r_{x1x2}) + (P_{x2y} \times r_{x1x2}) \\ &= 0.581 + (0.219 \times 0.199) + (0.219 \times 0.484 \times 0.10) + (0.165 \times 0.10) \\ &= 0.581 + 0.043581 + 0.010599 + 0.0165 \\ &= 0.65168 \end{aligned}$$

$$\begin{aligned} R_{x2y} &= P_{x2y} + (P_{zy} \times P_{x2z}) + (P_{zy} \times P_{zx1} \times r_{x1x2}) + (P_{x1y} \times r_{x1x2}) \\ &= 0.165 + (0.219 \times 0.484) + (0.219 \times 0.199 \times 0.10) + (0.581 \times 0.10) \\ &= 0.166 + 0.105996 + 0.004358 + 0.0581 \\ &= 0.33445 \end{aligned}$$

## 4.2. Discussion

### 4.2.1. Direct effect of Social Network on Batik Seller's Business Sustainability in Klewer Market Post Fire 2014

The sellers' social network can be measured from the extent to which the batik sellers have social network supporting the trading activity conducted. Social network variable is measured from micro, mezzo, and macro network. Meanwhile, business sustainability can be seen from the availability of commodities, capital increase, personnel number and batik pricing post fire in Klewer Market. The analysis on the correlation of social network and business sustainability variable among Klewer Market batik sellers shows a significant and one-way result. Meanwhile, the result of significance test on the coefficient of effect shows that the first hypothesis is supported, meaning that there is a significant direct effect of social network on business sustainability. It is in line with Vijay (2015: 5) stating that a business unit's survival can be achieved by utilizing its ability of mastering resource, and building and utilizing social network. Considering the calculation of Path Analysis, it can be seen that the direct effect of social network on business sustainability is 0.581.

### 4.2.2. Direct effect of work ethos on Business Sustainability among Batik Sellers in Klewer Market Post Fire 2014

The sellers' work ethos can be defined as the doctrine about the work an individual or a group of individuals believe as a good and true thing embodied actually and typically into their work behavior. The sellers' work ethos by the society group's cultural values in undertaking each of their work manifested into daily life. It is conducted to respond to anything existing surrounding in order to achieve their business success. The sellers' work ethos can be measured from such things as work spirit, parsimony and saving, persistence and disciplined behaviors. Meanwhile, the result of significance test on the coefficient of effect shows that the second hypothesis is supported, meaning that there is a direct significant effect of sellers' work ethos on business sustainability. It is in line with Vijay (2015: 5) stating that the values existing in the sellers' work ethos contribute to strengthening the seller in dealing with unexpected problems thereby support the business sustainability conducted by the sellers. Considering the Path Analysis, it can be seen that the effect of work ethos on business sustainability is 0.166.

### 4.2.3. Direct effect of Business Sustainability Strategy on Business Sustainability among Batik Sellers in Klewer Market Post Fire 2014.

Business sustainability strategy can be measured from a variety of strategy used to realize the sellers' business sustainability. The sellers' sustainability strategy is a way an individual or a group of individual uses to achieve an objective, that is, to make a certain business sustainable (Riyanto, 2013: 15). Business sustainability strategy is a business' consistency or condition in which business sustainability is aimed at the existence of business or the business sustainability. The result of significance test on the coefficient of effect shows that the third hypothesis is supported meaning that there is a significant direct effect of business sustainability strategy on the batik sellers' business sustainability in Klewer Market post fire 2014. It is in line with Wijaya suggesting that a business unit's sustainability is associated with its ability of mastering and utilizing resource to build and to utilize resource it has to maintain its business sustainability. Considering the Path Analysis, it can be concluded that the direct effect of business sustainability strategy on business sustainability is 0.219.

### 4.2.4. Indirect effect of Social Network on Business Sustainability through Business Sustainability Strategy among Batik Sellers in Klewer Market Post Fire 2014

Social network variable is measured from the trading relationship with subsidiary store, with close family store, with the fellow sellers in Klewer Market, with employers inside town, with employers outside town and with employers abroad. Business sustainability can be measured from capital, and labor possessed, and commodity availability and pricing. Meanwhile, the business sustainability variable is measured from the strategies of utilizing capital, selecting business site, business owner's productivity, marketing, and looking for customers. In the significance test on the coefficient of effect, the result of analysis shows that the fourth hypothesis is supported meaning that there is an indirect significant effect of social network on business sustainability through business sustainability strategy. It is in line with Saragih suggesting that natural capital, social capital, financial capital, human capital, and physical capital affects livelihood sustainability (Saragih, 2007: 22). Meanwhile, business sustainability strategy in this research is in line with Wijaya stating that a business unit's sustainability is related to the strategy and the procedure of mastering productive resource to build and to utilize the relation network in maintaining its business. So, the Path Analysis shows that the indirect effect of social network on business sustainability through business sustainability strategy is 0.043581.

### 4.2.5. Indirect effect of work ethos on Business Sustainability through Business Sustainability Strategy among Klewer Market sellers post-fire 2014.

The batik sellers' work ethos in Klewer market can be measured from the extent of sellers' work spirit, parsimony and saving, persistence in utilizing resource and work discipline conducted by Klewer Market batik sellers in order to support their business sustainability. Meanwhile, business sustainability of batik sellers in Klewer Market can be measured from either the increase or the decrease of capital owned by Klewer Market

batik sellers post-fire 2014. Business sustainability can be measured from the increase and the decrease of labor the batik sellers possess in Klewer Market post-fire 2014. In addition, it can also be measured from the difference of commodity availability before and after the fire in 2014. It can also be measured from pricing made by Klewer Market batik sellers post-fire 2014.

Business Sustainability Strategy Variable is measured from the procedure of taking the strategies of utilizing capital, selecting business site, business owner's productivity, marketing, and finding customers. In the significance test on the coefficient of effect, the result of analysis shows that the fifth hypothesis is supported, meaning that there is an indirect significant effect of sellers' work ethos on business sustainability through business sustainability strategy. It is in line with Wijaya (2015: 7) suggesting that work ethos such as hard work, parsimony, precision, discipline, saving behavior, and avoiding dissipating behavior can result in successful work, high production, accumulating profit, improved investment and capital accumulation. Meanwhile, business sustainability strategy in this research is in line with Wijaya (2010: 171) stating that a business unit's sustainability is correlated with the strategy and the procedure of mastering the resource it has such as work ethos to maintain its business. The result of path analysis shows that the indirect effect of work ethos on business sustainability through business sustainability strategy is 0.105996.

#### 4.2.6. The Total Effect of Social Network on Business Sustainability through Business Sustainability Strategy among Klewer Market sellers post-fire 2014.

The total effect of social network on business sustainability through business sustainability strategy is the amount of effect the social network has on the business sustainability through business sustainability strategy. Total effect can be found from the direct effect of social network on business sustainability plus indirect effect of social network on business sustainability through business sustainability strategy. In addition, the total effect is also added with correlated effect. Correlated effect is obtained from the correlation of two indigenous variables added with the result of multiplication of each indigenous variable's direct effect. So the result of calculation for the total effect of social network on business sustainability through business sustainability strategy among the batik sellers in Klewer Market is 0.65168.

#### 4.2.7. The total effect of Work Ethos on Business Sustainability through Business Sustainability Strategy among Klewer Market sellers post-fire 2014.

The total effect of work ethos on business sustainability through business sustainability strategy is the amount of effect the work ethos has on the business sustainability through business sustainability strategy. Total effect can be found from the direct effect of work ethos on business sustainability plus indirect effect of work ethos on business sustainability through business sustainability strategy. In addition, the total effect is also added with correlated effect. Correlated effect is obtained from the correlation of two indigenous variables added with the result of multiplication of each indigenous variable's direct effect. So the result of calculation for the total effect of work ethos on business sustainability through business sustainability strategy among the batik sellers in Klewer Market is 0.33445.

So in this research the size of direct effect of social network on business sustainability is 0.581. The direct effect of work ethos on business sustainability is 0.165. That of business sustainability strategy on business sustainability variables is 0.219. The size of indirect effect of social network on business sustainability through business sustainability strategy is 0.043581. The indirect effect of work ethos on business sustainability through business sustainability strategy is 0.105996. So, the result of calculation for the total effect of social network on business sustainability is 0.65168. The total effect of work ethos on business sustainability is 0.33445.

Considering the discussion above, it could be suggested that this finding of research is in line with the theory suggested by Saragih showing that business sustainability of batik sellers in Klewer Market can be continued supported by the sellers' social network, work ethos, and business sustainability strategy. Saragih's theory states that a livelihood's sustainability builds on livelihood assets such as natural capital, social capital, financial capital, human capital and physical capital.

## 5. Conclusion

- 5.1. The direct effect of Batik Sellers' Social Network on their Business Sustainability in Klewer Market post-fire 2014 is 0.581.
- 5.2. The direct effect of Batik Sellers' Work Ethos on their Business Sustainability in Klewer Market post-fire 2014 is 0.165.
- 5.3. The direct effect of Batik Sellers' Business Sustainability Strategy on their Business Sustainability in Klewer Market post-fire 2014 is 0.219.
- 5.4. The indirect effect of Sellers' Social Network on their Business Sustainability through Business Sustainability strategy in Klewer Market post-fire 2014 is 0.043581.
- 5.5. The indirect effect of Sellers' Work ethos on their Business Sustainability through Business Sustainability strategy in Klewer Market post-fire 2014 is 0.105996.
- 5.6. The total effect of Social Network (X1) on Business Sustainability (Y) through Business Sustainability

- Strategy (Z) is 0.65168.
- 5.7. The total effect of Work Ethos (X2) on Business Sustainability (Y) through Business Sustainability Strategy (Z) is 0.33445.
- 5.8. Coefficient of determination (Y) or the explained variable is 50.1%. Meanwhile coefficient of non-determination (Y) or unexplained variable is 49.1%.

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