

The role of financial literacy for Business Sustainability at PT Olam Makassar

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Abstract.

The objective of this scientific paper is to understand the role of financial literacy for Business Sustainability at PT Olam Makassar. This scientific paper used descriptive qualitative method which described the observation and interview results. To get data, the writer observed and interviewed the employees of PT Olam Makassar which responsible for financial literacy for Business Sustainability. The result of the research obtained such as : the role of financial literacy for Business Sustainability implemented and related elements to the financial literacy for Business Sustainability at PT Olam Makassar. Based on the research, it can be concluded that by having knowledge about good financial literacy, one can make sustainable business concept, therefore its business sustainability can be maintained.

Key words : *The role of financial literacy for Business Sustainability*

1. INTRODUCTION

The concept of Business Sustainability which is oriented towards achieving long-term performance is important for a business. Schaltegger et al. (2012) and Aribawa (2016) state that business sustainability is measured by the company's success in innovating employee and customer management, as well as the return on initial capital. The results of this measure will show that the company has an orientation to develop and is able to capture innovation opportunities in a sustainable manner. Without having the concept of long-term performance development, a business will tend to move stagnant and not well directed. Therefore, strategic efforts are needed for business actors to maintain the sustainability of their business. One way is to increase financial literacy for business actors. Chepngetich (2016) proves that financial literacy has a significant effect on budgeting (financial planning). Based on these findings, Chepngetich (2016) suggested for SMEs to increase training on interest rate calculations and the need to have budgeting skills (financial planning), so that financial management can be carried out effectively and assist business actors in achieving business goals, and increasing value business in the long term.

When business actors have a good level of financial literacy, they will tend to be able to manage their business finances better, and be able to recognize and access

financial resources so that they are expected to be able to maintain the sustainability of their business.

Muraga and John, (2015) state that with good financial literacy, entrepreneurs are able to use their skills in finance in making various decisions that are right for the company. Currently, financial literacy and Business Sustainability are being widely discussed and disseminated in the community and are one of the main focuses as an effort to improve the quality of corporate financial literacy in managing finances to run Business Sustainability.

According to (Draxler, et al., 2014), business owners or managers are closely related to making complex and strategic financial decisions related to the success of achieving business goals and sustainability. Referring to OJK, Agusta (2016) states that there are four levels of financial literacy classification, namely: a) *Well literate*, namely having an understanding and belief about financial service institutions and financial products and services, including features, benefits and risks, rights and obligations related to financial products and services, and having skills in using financial products and services (financial literacy level is more than 80% (percent)). b) *Sufficient literate*, namely having understanding and confidence about financial service institutions and financial products and services, including features, benefits and risks, rights and obligations related to financial products and services (financial literacy level between 60% (percent) to 80% (percent)). c) *Less literate*, which only has an understanding of financial service institutions, financial products and services (financial literacy level is between 30% (percent) to 60% (percent)). d) *Not literate*, namely not having understanding and confidence about financial service institutions and financial products and services, and not having skills in using financial products and services (financial literacy level is less than 30% (percent)).

Business Sustainability at PT Olam Makassar is a business condition or condition, in which there are ways to maintain, develop and protect resources and meet the needs of a business. Business Sustainability at PT Olam Makassar was established in 2010 and developed in 2012, as for several Business Sustainability activities called CSR (Corporate Social Responsibility), namely: CSR Luwu and CSR Kolaka. The Business Sustainability activity is a partnership system between traders (farmers) and PT Olam Makassar. Based on the description, the author is interested in raising the title, namely: "The Role of Financial Literacy for Business Sustainability at PT Olam Makassar.

II. METHODS

The type in this research is qualitative, using a qualitative descriptive approach (Creswell & Creswell, 2017). Where this data contains information from sources contained in the company under study. Usually in the form of information or usually not related to numbers. As well as the issues raised, to obtain a picture along with the achievement of the objectives off the research conducted. Researchers make direct

observations on the object or location of research on activities related to the role Financial Literacy for Business Sustainability at PT Olam Makassar.

III. RESULT AND DISCUSSION

It is not enough for business actors only to have knowledge related to financial management principles, but also to be able to understand and apply their financial knowledge. The financial knowledge possessed is expected to be able to guide business actors to make appropriate business decisions based on certain situations, so that in the end they will be able to maintain their Business Sustainability.

In addition, armed with experience in the application of financial knowledge (financial management), business actors are expected to have an advantage in business competition. These results also support the results of several previous studies which revealed that financial literacy provides benefits for Business Sustainability, thus efforts to improve the financial literacy of business actors must continue to be carried out

Table 1. Business Sustainability Program

PT Olam Makassar Business Sustainability Activities

1. CSR Program	Luwu	Kolaka
The partnership system between traders (farmers)	176 Farmer's Group	169 Farmer's Group
CSR Activities:	<i>Coaching Farmer</i>	<i>Coaching Farmer</i>
	Data Office	Data Office
	<i>Yield Measurement</i>	<i>Yield Measurement</i>
	<i>Demoplot</i>	FDP
	<i>Shade Tree</i>	
	<i>Seedling</i>	
2. Project MCA-I	Companies collaborating with this project	
	UTZ	Mars
	RA (Rainforest Alliance)	Nestle
	Mondelez	
3. Cococalife Project	Mars	Mondelez
	Nestle	

Therefore, the party making the policy must consider preparing a work program on an ongoing basis in order to improve financial literacy for business actors. When the level of financial knowledge has increased, the next step is to encourage business actors to be able to apply knowledge about financial management, one of the indicators is the increasing use of financial service products by business actors according to their abilities.

Table 2. Research Constructs and Indicators

Construct	
Indicator	
Financial Literacy (financial literacy)	<ol style="list-style-type: none"> 1. Account ownership in the name of the company 2. Identify the company when opening an account 3. Minimum deposit when opening an account 4. Knowledge of savings guarantees 5. Understanding of the potential return on savings in one year 6. Understanding of the potential return on multi-year savings 7. Understanding of the calculation of loan interest per year 8. Knowledge of the premise between the two product options 9. Knowledge of the effect of inflation on the value of money 10. Knowledge of the time value of money 11. Understanding of the effect of inflation on company growth.

Financial literacy has a big influence on the company, after the implementation of financial literacy for Business Sustainability at PT Olam Makassar, profits in the company are increasing because individual awareness in managing finances and making decisions is very good. The financial situation of each company is different, but what is very important to note is the financial health of a company and is the most important foundation in achieving the company's financial goals.

The level of Financial Literacy is divided into four parts, namely:

1. **Well literate** (21.84%), namely having knowledge and confidence about financial service institutions and financial service products, including features, benefits and risks, rights and obligations related to financial products and services, as well as having skills in using financial products and services.
2. **Sufficient literate**(75.69 %), have knowledge and belief about financial service institutions and financial products and services, including features, benefits and risks, rights and obligations related to financial products and services.
3. **Less literate** (2.06%), only has knowledge of financial service institutions, financial products and services.

4. **Not literate** (0.41%), do not have knowledge and confidence in financial service institutions and financial products and services, and do not have skills in using financial products and services.

IV. CONCLUSION

Financial literacy for a company or organization is very beneficial, including PT Olam Makassar. This is very good to be developed by a company that is good at looking for opportunities that are very open in this global era, as evidenced by the growth of bank financial institutions and similar financing, therefore some of the products offered make it possible for debtors or entrepreneurs to take part. there. The certification body owned by PT Olam Makassar is very supportive for the company, because it is recognized globally, this is a strategic point for the development of current products, be it chocolate, coffee, pepper, etc. In order to differentiate the product from the business, other opportunities are still open, in this case PT Olam Makassar organizes a direct sales unit in the country with the availability of abundant human resources.

V. ACKNOWLEDGMENTS

Based on the problems found in Financial Literacy for Business Sustainability, the authors provide suggestions that may be used by PT Olam Makassar, including: PT Olam Makassar must be able to create its financial literacy capabilities for the sustainability of its business in the future, even though there are many competitors in this global era, both local and from outside with technological, financial, and human resources advantages that are very competent in implementing all their capabilities. Financial literacy is expected to provide a good role for business actors to maintain their business and remain integrated in their business activities in the long term.

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