Analysis of Factors Affecting Income of Songkok Recca Business SME'S in Bone Regency

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Abstract. The existence of MSMEs has been the source of life for most of the Indonesian people. What makes MSMEs continue to survive during the economic crisis is because first, most MSMEs produce consumer goods and services with low elasticity of demand for income. MSMEs in Bone Regency have developed so rapidly in recent years, the Capital Factor is one of the main causes of the development of MSMEs in Bone Regency. The formulation of the problem from this research is to find out how much influence working capital, Labor, education and working hours like have on increasing MSME income in Bone Regency. The research method used in this study is a simple linear regression method by taking a sample of SMEs in Bone Regency of 97 respondents. By using the SPSS application, it found that, simultaneously, working capital, number of Labor, education and working hour had a significant effect on increasing the income of MSMEs in Bone Regency. Partially, working capital and human capital have a positive and insignificant effect on increasing MSME income in Bone Regency, while education have a negative and insignificant impact. Only working hours had a positive and significant impact on increasing MSME income in Bone Regency.

Keywords: SME's · Income · Working Capital · Human Capital

1 Introduction

Small and Medium Enterprises (SMEs) are one of the drivers of economic growth and contribute to increasing the potential gross domestic product (GDP) in Indonesia. Central Bureau of Statistics (2019) data shows that the growth of Micro and Small Enterprises during the 2009–2013 period was able to increase MSE GDP growth from 3.87 percent to 6.02 percent. One of the important roles of SMEs is in the absorption of labor so as to help the government reduce the number of unemployed who reach more than 75 percent of the workforce outside the Agricultural Sector in Indonesia. In 2017 it shows that the number of business units operating in Indonesia consists of 99.9 percent of micro, small and medium enterprises (MSMEs) and 0.01 percent of large business (Statistics, 2019).

Micro, small and medium enterprises (MSMEs) have an important role in the economy in Indonesia. MSMEs have a proportion of 99.99%2 of the total number of business actors in Indonesia or 52.76 million units (BPS, 2019). Data from the Central Statistics Agency (BPS) in 2009 also shows that MSMEs are proven to contribute 56.92% of the

total Gross Domestic Product (GDP) of Indonesia or equivalent to Rp. 1,213.25 Trillion. In addition, MSMEs have the ability to absorb labor (absorb 97.3% of the total working workforce) and have a large number of total business units in Indonesia as well as a fairly large contribution to investment in Indonesia, amounting to Rp222.74 trillion or 51,80% of total investment in 2018 [1].

MSME's is a business activity that can expand employment opportunities, provide broad economic services to the community, play a role in the process of equity and increase people's income, encourage economic growth, and play a role in realizing national stability. The Ministry of Cooperatives and SMEs has launched various assistance programs. The government's policy to encourage small and medium enterprises is quite serious. Law No. 20 of 2018 concerning Micro, Small and Medium Enterprises emphasizes that this business needs to be carried out in a comprehensive, optimal, and sustainable manner through the development of a conducive climate, providing business opportunities, support, protection, and business development as widely as possible.

The Bone Regional Government is faced with the problem of financing to run the government in order to carry out its functions properly. So that the local government in this case the Bone Regional government must be able to develop existing resources in increasing the Regional Original Income of Bone Regency.

To realize this goal, many efforts have been made by the Bone Regency Government in developing leading sectors that are able to make a major contribution to the welfare of the people of Bone Regency. One that can be developed by the government is the Songkok recca (songkok to Bone) craft industry sector. Songkok recca is one of the elements of local wisdom in the form of a head covering used by Bugis nobles in Bone Regency with distinctive colors and materials as well as history and philosophy. The development of the recca songkok industry has been carried out from generation to generation by the people of Bone Regency, but along the way, the recca songkok industry has experienced obstacles in its development, especially its contribution to regional development in the villages in Bone Regency. It should be with the nationalization of this recca songkok that it can contribute to village development related to infrastructure and the economy of the community in the village in Bone Regency. This requires government support so that regional development remains in harmony and maintains existing local wisdom (Table 1).

Based on the description above, in this study, we want to observe and analyze the factors that influence the income level of Songkok Recca SMEs in Bone Regency from working capital, labor, education, and working hours.

1.1   Income

Revenue is the result of all sales of goods or services, a commodity. Income can also be interpreted as income arising from the activities of a business. According to Mankiw (2010), it is stated that income is formulated as the result of multiplying the number of units sold with the price per unit.

Table 1. Total Production of Songkok Recca in Bone District

Years	Total Production/Households Industries		Production/Households Industries
	Soft (Unit)	Rough (Unit)	
2015	12.690	18.221	30.911
2016	13.155	19.512	32.667
2017	13.434	20.667	34.101
2018	13.945	21.554	35.559
2019	14.513	21.468	35.981
2020	14.617	22.190	36,807

Source: Office of Koperasi & SMEs of Bone Regency

1.2 Capital

Capital is one of the most important factors for every business, whether small, medium or large scale [1]. Therefore, capital is one of the important elements that must receive attention by business actors in carrying out their business activities because of its role in supporting business activities.

Capital is divided into 2 types, namely:

1) Fixed capital, is the cost incurred in the production process that is not exhausted in the one production process.
2) Non-fixed capital, is a cost incurred in the production process and exhausted in one production process [2].

1.3 Labor

Based on Law no. 13 of 2003 concerning Manpower, labor is anyone who is able to do work to produce goods or services to meet the needs of themselves and the community. Another definition of labor reveals that labor is a group of people of working age (15–64 years) [3].

1.4 Education

According to Law Number 20 of 2003 concerning the National Education System, education is a conscious and planned effort to create a learning atmosphere and learning process so that a person actively develops his potential. The concept of human capital (Human Capital) is one strategy that has long been applied in improving the quality of human resources. The quality of human resources according to the theory of human capital can be determined by the educational aspects of each individual. Education is considered to be able to improve the skills, creativity, and skills of the workforce.

1.5 Working Hours

Working hours are the scheduled time for the equipment to be operated or the scheduled time for Labor for Labor. Working hours for a person greatly determine work efficiency and productivity [4].

By taking into account the background and descriptions that have been disclosed, the problems to be analyzed in this study are:

– How big is the simultaneous influence of working capital, labor, work education, and working hours on the business income of Songkok Recca Entrepreneurs in Bone Regency.
– How big is the influence of working capital on the business income of Songkok Recca Entrepreneurs in Bone Regency.
– How big is the influence of labor on the business income of Songkok Recca Entrepreneurs in Bone Regency.
– How big is the influence of education on the business income of Songkok Recca entrepreneurs in Bone Regency.
– How much influence working hours have on the business income of Songkok Recca Entrepreneurs in Bone Regency.

2   Methodology

The method of analysis in this study is multiple linear regression analysis. The data used in this study is primary data originating from Songkok Recca Entrepreneurs in Bone Regency where the data was obtained through distributing questionnaires.

The number of samples in this study amounted to 97 people where these results were obtained using the Slovin formula from the total population of 827 Songkok Recca Entrepreneurs in Bone Regency.

The operational limitations or definitions of variables in this study are:

– Working Capital

In this study, the capital in question is the amount of money used by MSME actors at the beginning of running a business to buy their merchandise to be resold.

– Labor

The workforce referred to in this study is the number of people who work to help the productivity of Songkok Recca SMEs in Bone Regency, both from production and marketing.

– Education

The education in this study is the formal education level for the SMEs in Songkok Recca, Bone Regency.
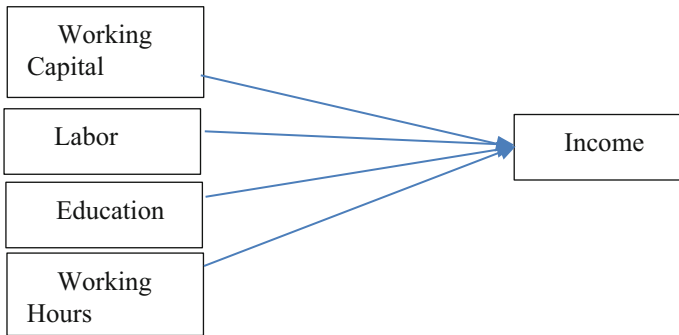
Fig. 1. Conceptual Framework

– Working Hours

The working hours in question are the length of time used by the Songkok Recca MSME actors in Bone Regency to carry out their business from opening to closing in one working day

– Income

The income in this study is the income from the business in the form of money earned by the SMEs Songkok Recca, Bone Regency (Fig. 1).
Framework

2.1 Hypothesis

By paying attention to the formulation of the problem, the hypothesis in this study:

– How big is the simultaneous influence of working capital, labor, education, and working hours on the income of the recca songkok business in Bone Regency.
– How big is the influence of working capital on the income of the recca songkok business in Bone Regency.
– How big is the influence of labor on the income of the recca songkok business in Bone Regency.
– How big is the influence of education on the income of the recca songkok business in Bone Regency.
– How big is the effect of working hours on the income of the recca songkok business in Bone Regency.

3   Results and Discussion

3.1   Results

Validity Test

From the Table 2 Validity test founded that variable working capital, Labor, education, working hours and income is valid, because the pearson correlation is above from R-table, that the R-table is 0.254.

Reliability Test

From the Table 3 reliability test founded that variable working capital, Labor, education, working hours and income is reliable, because the Cronbach alpha is above from standard 0,6 point.

Classical Assumption Test

From Fig. 2 the data obtained follow a diagonal line so that we can conclude that the data in this study is normal.

Descriptive Statistics Test.

Statistics in this study are used to provide information on research variables such as Working Capital, Labor, Education, Hours of Work and Income.

Multiple Linear Regression Analysis

Based on Table 4, the regression model is obtained as follows:

$$Y = -62943015.4 + 0.050X1(Sig.0.194) + 1.498.220X2(Sig0.062)$$
$$-233.243\ X3(Sig.0.143) + 8.437.264, 075X4(Sig.\ 0.000) + e$$

Table 2. Validity Test

Variabel	Pearson Correlation	R-Table	Explanation
Working Capital	0.453	0.254	Valid
Labor	0.614	0.254	Valid
Education	0.622	0.254	Valid
Working Hours	0.512	0.254	Valid
Income	0.522	0.254	Valid

Source: Processed data by SPSS 24

Table 3. Reliability Test

Variabel	Cronbach Alpha	Standard	Explanation
Working Capital	0.622	0.6	Reliable
Labor	0.617	0.6	Reliable
Education	0.684	0.6	Reliable
Working Hours	0.696	0.6	Reliable
Income	0.662	0.6	Reliable

Source: Processed data by SPSS 24
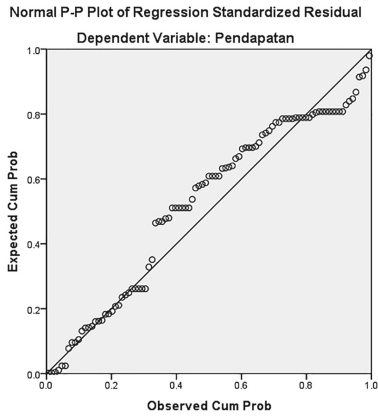
Fig. 2. Normality Test

Table 4. Descriptive Statistics

	Mean	Std.Deviation	N
Working Capital	14025773.20	8743727.256	97
Labor	22494845.36	17108796.29	97
Education	5.2784	.97620	97
Working Hours	12.2474	3.98433	97
Income	8.3918	.65442	97

Source: Output SPSS 24 (2022)

Table 5. Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-62943015.4	8106760.077		-7.764	000		
Working Capital	.050	.038	.097	1.308	.194	.898	1.114
Labor	1498220.528	792064.611	.617	1.892	.062	.630	1.587
Education	-233243	167738.547	-.106	-1.479	.143	.954	1.049
Working Hours	8437264.076	1154356.768	.631	7.309	.000	.660	1.515

Source: Output SPSS 24 (2020)

Table 6. Simultaneous Test Result (F-Test) Model ANOVAa

		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	401308331491443.100	4	10039582872860.780	27.741	.000b
	Residual	33272068508556.900	92	361674405353.231		
	Total	733960400000000.000	96			

a. Dependent Variable: Oncome
b. Predictors: (Constant), Working Hours, Working Capital, Education, Labor

Table 7. Coefficient of Determination Test Results **Model Summary**[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig. F Change	Durbin-Watson
1	.739a	.547	.527	6013456.033	.003	1.713

a. Predictors: (Constant), JWorking Hours, Working Capital, Education, Labor
b. Dependent Variable: income

Looking at the results of data processing the constant value of -62943015.4 this result proves that if there is no influence of working capital, labor, education and working hours, the income level of Songkok Recca Entrepreneurs is 386,100, while working capital has a negative and significant effect on the income of Songkok Recca Entrepreneurs, Working hours have a positive and significant effect on the income of Songkok Recca Entrepreneurs, Labor and working hours have a positive and insignificant effect on the income of Songkok Recca Entrepreneurs, while education has a negative and insignificant effect on the income of Songkok Recca Entrepreneurs (Table 5)

Based on Table 6, it can be seen that the calculated F value (27.741) has a significance of 0.000 < 0.05. So H0 is rejected and H1 is accepted. This means that simultaneously, the independent variables, namely X1 (Working Capital), X2 (Labor) X3 (Work Education) and X4 (Working Hours) have a significant effect on the Y variable (Songkok Recca Entrepreneur Income).

Coefficient of Determination Test (R2).

Based on Table 7 shows R Square is 0.547 or 54.7% of the income variation of Songkok Recca Entrepreneurs can be explained by variations of the four independent variables, namely Working Capital, Labor, Work Education, and Technology. While 45.3% can be explained by other factors not included in this study.

3.2   Discussion

3.2.1   The Effect of Working Capital on the Income of Songkok Recca Pengusaha Entrepreneurs

From the results of statistical tests, it was found that working capital had a positive and insignificant effect on the income of Songkok Recca entrepreneurs, these results proved that Songkok Recca entrepreneurs in Bone Regency in increasing their incomes were not

too influenced by the amount of working capital of each Songkok Recca entrepreneurs. From the results of this study there is a discrepancy with the initial hypothesis where the initial hypothesis of this study explains that working capital has a positive and significant effect on increasing the income of Songkok Recca Entrepreneurs. As found by who found the results of the study that: Revolving funds, working capital, marketing location, and product quality directly have a positive and significant impact on the income of MSME actors in Denpasar City. While the volume of production does not have a significant effect on the income of MSME actors in Denpasar City [8].

The same result was found in his research based on the results of the t test stating that working capital partially has no effect on income in the Tanggulangin bag and suitcase industrial center [9]. Working capital has no effect on income because the greater the amount of cash in an MSME, the higher the liquidity, but that does not mean MSMEs have to try to provide a lot of cash, because the large amount of cash reflects the existence of idle or unused cash so that MSMEs do not can maximize the cash. By providing receivables the goal is to increase sales, but with an increase in receivables it also requires additional financing, collection of receivables and the possibility of bad debts being uncollectible. The size of the inventory is able to affect the efficiency of inventory and working capital during the production process so that it affects the income of MSMEs, but with an inventory that is too large compared to the need it will increase maintenance costs, increase the possibility of losses due to damage, decrease in quality so that it will reduce income [5].

3.2.2 The Effect of Labor on the Income of Songkok Recca Pengusaha Entrepreneurs

From the statistical test results, it was found that the workforce had a positive and insignificant effect on the income of the Songkok Recca Entrepreneurs. This result was not in accordance with the initial hypothesis where the initial hypothesis of this study explained that the workforce had a positive and significant effect on increasing the income of the Songkok Recca Entrepreneurs.

The same results were found in a study of MSME entrepreneurs in East Langowan District. They found that labor variable. The variable number of workers has no real and significant effect on the income of MSME entrepreneurs in East Langowan Regency [6].

Different results were found who found that there was a positive and significant effect of the labor variable on the income of the Kanjeran Fish Cracker SMEs in Surabaya [7].

3.2.3 The Effect of Education on the Income of Songkok Recca Pengusaha Entrepreneurs

From the statistical test results, it was found that work education had a negative and insignificant effect on the income of Songkok Recca entrepreneurs, these results proved that education level did not have a major role in increasing the income of Songkok Recca SMEs in Bone Regency. This is because the average MSME entrepreneur in Bone Regency has an education equivalent to high school.

The same result was found in their research on MSME entrepreneurs in Purbalingga district, which found that education level did not have a significant effect on business income [10].

3.2.4 The Effect of Working Hours on the Income of Songkok Recca Pengusaha Entrepreneurs

From the statistical test results, it is found that working hours have a positive and significant effect on the income of Songkok Recca Entrepreneurs, these results prove that Songkok Recca Entrepreneurs in Bone Regency Entrepreneurs who have high working hours in carrying out their activities have a significant effect on increasing their income, this result is because entrepreneurs songkok recca has a high average so that they take longer to serve their customers both from the Bone Regency area and those from other regencies, besides that recca songkok entrepreneurs in Bone Regency also sell outside conventional working hours where they advertise recca songkok on social media, so they also serve customers outside of normal working hours.

The same result was found in his research on Indomaret MSME Entrepreneurs in the city of Malang [11]. In his research, he found the relationship between working hours that had a positive effect on income in line with the theory of work time allocation initiated by Adam Smith which was explained in the theoretical study chapter.

4 Conclusion

The conclusions in this study are:

1. Simultaneously working capital, labor, working education and working hours have a significant effect on the income of Songkok Recca entrepreneurs in Bone Regency
2. The working capital variable has a positive but not significant effect on the income of the Songkok Recca Pengusaha Entrepreneur
3. The labor variable has a positive but not significant effect on the income of the Songkok Recca Pengusaha Entrepreneur
4. Work education variable has a negative and insignificant effect on the income of Songkok Recca Pengusaha Entrepreneurs
5. Working hours variable has a positive and significant effect on the income of Songkok Recca Pengusaha Entrepreneurs

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