

The Effect of Empowerment and Performance on the Welfare of Kotabumi MSME

*Empowerment,
Performance and
Welfare*

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1751

Submitted:
NOVEMBER 2023

Accepted:
DECEMBER 2023

ABSTRACT

This research was conducted in Kotabumi City . 70 Kotabumi City MSME actors used as a sample in this research. This research uses descriptive qualitative as a research method, the aim of which is to find out the influence of MSME Empowerment and Performance on the Welfare of MSME Actors. To obtain data, questionnaires were distributed. After that, the data obtained will be processed using the Partial Least Square (PLS) method, which is a regression-based method. The results of this research show that the MSME Empowerment variable has a significant effect with $t = 7.632613 > t_{table} = 1.99089$ on the MSME Performance variable, the MSME empowerment variable has a significant effect with $t = 2.781585 > t_{table} = 1.99089$ on Welfare MSME Actor variable. And the relationship between the MSME Performance variables also has a significant effect because $t = 5.839031 > t_{table} = 1.99089$ on the welfare of MSME actors .

Keywords: *Welfare, Performance, MSME Actors, Empowerment*

INTRODUCTION

Economic activity is an effort to improve the welfare of society by meeting all of society's needs, because the more society's needs are met, the more economic growth will increase. To be able to meet the needs of society, extensive employment opportunities are needed so that they can absorb the existing workforce (Adila Indria Sutrisno et al., 2023). With its abundant natural wealth, Central Kalimantan in particular has not been able to utilize the potential of this natural wealth to the maximum extent possible.

There are still many obstacles experienced in the process, such as low skills possessed by MSME players, difficulty in marketing and limited capital. This was made clear by "Lies Fatimah" as Head of the Central Kalimantan Province Cooperative and MSME Service at a press conference on Wednesday (14/11/2018), according to Lies Fatimah, the obstacle in developing MSMEs is the limited ability or knowledge to produce raw materials. , where in the production process the tools used are still very simple, so the quality of the goods is still low. Not only production problems, marketing is also very difficult for MSME players. "Sales are limited to the market scope of Central Kalimantan, in fact, quite a few MSMEs market their production only to cities/districts and sub-districts. Another challenge that is an obstacle in developing MSMEs is the limited capital owned by MSME players," explained Lies.

Banking as a financial institution that provides services in the form of borrowing money as funds to build a business is expected to be a source of capital for MSME players and can penetrate the MSME market, however banking has not been able to reach various levels of society. With the failure of banks as basic business capital, various alternatives have emerged to obtain capital so that quite a few MSME actors fail to develop their businesses (Feby Adila, Alexandra Hukum, & Dicky Perwira., 2023). MSMEs are an economic sector that covers people's lives where MSMEs are the source. supports the economy and is the backbone of the national economy so that it becomes a strategic national economic sector. SMEs in Indonesia have opened many jobs or created jobs so

JIMKES

Jurnal Ilmiah Manajemen
Kesatuan
Vol. 11 No. 3, 2023
pp. 1751-1756
IBI Kesatuan
ISSN 2337 – 7860
E-ISSN 2721 – 169X
DOI: 10.37641/jimkes.v11i3.2385

that SMEs have a very important role (Fitria, 2019). Small and Medium Enterprises (MSMEs) play an important role in the national economy, both in developed countries and in developing countries. is developing. MSMEs contribute to increasing the rate of economic growth and increasing per capita income by providing various inputs for businesses as well as sources of innovation (Busra et al., 2023).

In Supriyanto, 2006, the MSME sector has various strategic roles, but this sector is also faced with various problems. Constraints and problems include aspects of capital, business management capabilities, and the quality of human resources managing it. Community empowerment is a development process that makes people take the initiative to start social activities to improve their own situation and conditions (Rahman Ibrahim, 2022). Empowerment is an instrument for building and strengthening human resource potential by encouraging, motivating and raising awareness of the potential possessed by community groups or communities through the development and provision of skills based on compensation on an ongoing basis (Samosir, 2016).

The aim of community empowerment is to improve institutions, businesses, community income, the environment, and improve community life in order to create a better life (Emiliani et al., 2021). According to Prawiroseintono (1999), in Ahmad Fauzi and Rusdi Hidayat NA, performance is the reciprocity of what is achieved by a group of people or individuals in an organization which does not conflict with the authority and responsibility of each person in an effort to achieve organizational goals. Performance is the output or results of work produced both in terms of quality and quantity of work and can be accounted for in accordance with the role in the organization or company accompanied by the ability, skills and skills in completing the work (Wibowo, 2018). Performance is an important thing that must be achieved by every company, because performance is an illustration of the company's achievements or accomplishments (Abdurahman & Munandar, 2020).

METHOD

The object of this research is located in the city of Palangka Raya. Researchers chose this city as a research object because the empowerment and performance of UiMKM has not yet been maximized, therefore the implementation of UiMKM is still not yet realized. The city of Palangka Raya itself has a number of MSMEs of 1,989 business units. This research uses qualitative methods, in the form of numbers that can be measured and as a tool to find information about what is desired, for example: age, gender. This research is descriptive in nature where the research intuition describes the facts from the data obtained in the research in a systematic and detailed manner. The data sources used in this research use primary data which is equipped with question data collected by distributing questionnaires, and supported by the results of direct interviews and in-depth interviews from respondents.

The variables used in this research are: 1. Independent variable, MSME empowerment (X1) and MSME performance (X2); 2. Dependent variable, welfare of MSME behavior (Y1). Population is the entire region research objects and subjects that are determined to be analyzed and drawn conclusions by researchers. Kotabumi City business actors were used as the population in this research. The sample is part of the population used to estimate the results of research in taking samples from the community as business actors. For this reason, samples taken from the population must be truly representative. The sample in this research was 70 samples. The collection technique used is intuitive to obtain data as material in research. Several methods are used, including: 1. Observation is a primary data collection method by making direct observations at the research location. This means understanding and looking for answers, as well as evidence of social phenomena that occur in the area. 2. An interview is a verbal question and answer process between two people or more directly to gather information by means of question and answer between people .

Researcher with informant or research subject. 3. Questionnaire (Questioner) is a list of questions given to the research object who provided responses according to the

researcher's request. 4. Documentation is a data collection technique through methods documentation, researcher investigate hidden objects such as books , journals, documents, and so on. Data analysis techniques were carried out using quantitative analysis with methods Partial Least Square (PLS) is a regression- based method proposed by Heirman OA Word for create and balance unique models and methods of science social use approaches based on PLS predictions have research data assumptions distribution-free (Distribution-Freiei), in other words this research data does not refer to one particular distribution (for example normal distribution). PLS is a balance of the Structural Equation Modeling (SEiM) technique which can be used to intuitively overcome the problem of correlation between complex variables, with a complex data sample size , namely (30 to 100), considering that the SEM data sample size is at least 100.

RESULTS AND DISCUSSION

Description of the variables in this research consisting of independent variables, namely the Empowerment of MSMEs (X1) and MSME Performance (X2) variables and the dependent variable, namely the Welfare of MSMEs (Y). This survey uses an inquiry scale with a Likert scale with the highest value for each question, namely 5 (five) and the lowest value is 1 (one) with a total of 70 respondents.

a) Description of MSME Empowerment Variables

Table 1. Empowerment of MSMEs.

No	Indikator	Pernyataan Responden					Persen
		5	4	3	2	1	
1	X ₁ Penyadaran	60	10	-	-	-	85%
2	X ₂ Pendayaan	40	24	2	4	-	57%

Conclusion: X1 = Intuitive indicator X2 = for indicator

b) Description of MSME Performance Variables

Table 2. MSME performance

No	Indikator	Pernyataan Responden					Persen
		5	4	3	2	1	
1	Y ₁ Pendapatan	22	38	6	4	-	54%
2	Y ₂ Sumber Daya Manusia (SDM)	19	37	8	5	1	58%
3	Y ₃ Kemandirian	45	23	2	-	-	64%

Conclusion: X4 = Intuitive indicator X5 = for indicator X6 = for indicator

c) Description of the Welfare Variables of MSME Actors

Table 3. Welfare of MSME Actors

No	Indikator	Pernyataan Responden					Persen
		5	4	3	2	1	
1	X ₃ Penjualan	15	33	18	4	-	47%
2	X ₄ Modal	28	32	6	4	-	45%
3	X ₅ Tenaga Kerja	29	34	2	4	1	48%
4	X ₆ Laba	17	36	15	2	-	51%

Conclusion: Y1 = for indicator Y1 (Income) 54% chose to agree so that the welfare variables of MSME actors can be influenced by this indicator. Y2 = For indicator Y2 (Human Resources) 58% chose to agree so that the welfare of MSME actors was also able to be influenced by this indicator. .

Validation and Reliability Test Obtain a reliability value using composite reliability with a value of more than 0.70 (>0.70). The MSME empowerment value is 0.86 > 0.70, so the data is said to be reliable. MSME performance is 0.73 > 0.70, so reliability data. The welfare of MSME actors is 0.80 > 0.70, so the data is reliable. To obtain validation values, use Cronbach Alpha with a value of (0.5). The MSME empowerment value is 0.60 > 0.5, so the data is very valid. The performance of MSMEs requires 0.63 > 0.50 to be very valid. The welfare of MSME actors of 0.75 > 0.5 is very valid.

Table 4. Cronbach Alpha

	Cronbach Alpha
Kesejahteraan Pelaku UMKM	0,754927
Pemberdayaan UMKM	0,636812
Kinerja UMKM	0,600387

Table 5. Composite Reability

	Composite Reability
Kesejahteraan Pelaku UMKM	0,806859
Pemberdayaan UMKM	0,734333
Kinerja UMKM	0,869481

Table 6. Cronbach Alpha

	R Square
Kesejahteraan Pelaku UMKM	0,358560
Kinerja UMKM	0,246784
Pemberdayaan UMKM	0,246784

Table 7. PathCoefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
Kinerja UMKM-> Kesejahteraan Pelaku UMKM	0.423318	0.440611	0.078581	0.078581	5.839031
Pemberdayaan UMKM-> Kesejahteraan Pelaku UMKM	0.239024	0.217895	0.097829	0.097829	2.781585
Pemberdayaan UMKM-> Kinerja UMKM	0.475756	0.478811	0.06723	0.06723	7.632613

The R Square value of the welfare of MSME actors is 0.358560, meaning that the welfare of MSME actors simultaneously is able to explain variability of 35%. The R Square value of MSME performance is 0.246784, meaning that MSME performance and MSME empowerment simultaneously are able to explain variability of 24%.3. Structural Model Evaluation Based on the table below, the statistical t value for the MSME performance variable on the welfare of MSME actors has a value greater than 2.0 so it has a significant relationship.

Likewise with other variables where the variable MSME empowerment on MSME performance and MSME empowerment on the welfare of MSME actors also has a t statistical value greater than 2.0 so that each variable has a significant relationship.

Based on the results of the internal model testing that has been carried out, it shows that the relationship between the MSME empowerment variables has an influence on the MSME performance variable of 7.632613. Meanwhile, based on the t distribution table, it shows that $t_{\text{counting}} = 7.632613$. greater than $t_{\text{table}} = 2.01063$, this shows that there is an influence between the MSME empowerment variable and the MSME performance variable. The relationship between the MSME empowerment variable has an influence on the welfare variable of MSME actors of 2.781585. Meanwhile, based on the t distribution table, it shows that $t = 2.781585$ is greater than $t_{\text{table}} = 2.01063$, this indicates that there is an influence between the MSME empowerment variable on the welfare variable of MSME actors. The relationship between MSME performance variables has an influence on the welfare variable of MSME actors of 5.839031. Meanwhile, based on the t distribution table, it shows that $t = 5.839031$ is greater than $t_{\text{table}} = 2.01063$, this shows that the influence of the MSME performance variables is on the welfare variable of MSME actors.

CONCLUSION

The MSME empowerment variable has a positive and significant relationship with the MSME performance variable. This shows that empowerment in terms of mentoring MSME actors has an influence on the successful performance of MSME actors in Palangka Raya City. This means that the better the empowerment of MSMEs in conducting training, both in the aspects of entrepreneurship, management, administration, and knowledge and skills in business development, the performance of MSMEs will also increase in terms of quality, quantity and effectiveness of their resources.

The MSME empowerment variable on the welfare variable of MSME actors has a positive and significant relationship. This shows that empowerment (coaching and mentoring) of MSME actors has an influence on the welfare of MSME actors. Because if empowering MSMEs strengthens their association, .

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