

UMKM DEVELOPMENT PROGRAM AND COMMUNITY EMPOWERMENT ON INCREASING PUBLIC INCOME IN MERANGIN DISTRICT JAMBI PROVINCE

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Abstract : *This study examines best practice implementing the MSME Development Program and community empowerment on Increasing Community Budgeting using quantitative. This article while looking at the big influence of the MSME development program on Increasing Community Income? How big is the Community Strengthening Against Community Revenue? How big is the influence of the UMKM Development Program and Community Empowerment together on Increasing Community Income? This paper uses descriptive analysis reviews that are supported by qualitative data to answer various problems of MSME development programs and community empowerment.*

Keywords: *MSMEs, Empowerment, Community Income*

1. INTRODUCTION

In Indonesia, Micro, Small and Medium Enterprises are often abbreviated (MSMEs), MSMEs are now considered as an effective way of alleviating poverty. From statistics and research conducted, MSMEs represent the largest number of business groups. MSMEs are legally regulated through Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises. MSKM is the largest group of economic actors in the Indonesian economy and has proven to be an economic safety valve national in times of crisis, as well as being an increasing dynamist community income after the economic crisis. In addition to being the largest business sector contributing to national development, MSMEs also create considerable employment opportunities for domestic workers, thus greatly helping efforts to reduce unemployment.

In accordance with the spirit of Law No. 25 of 2014 concerning Regional Autonomy, regions are also given the freedom to regulate and manage the interests of the people in their regions in accordance with regional

capabilities, but must consider the overall national interests including increasing national income. The success of MSME development is inseparable from human and institutional resources, is an actor and vehicle for development activities specifically to achieve economic growth. Entrepreneurial groups as social institutions and rural institutions are the main actors in the development of MSMEs.

In an effort to realize completion poverty, the role and participation of the community especially small entrepreneurial institutions, other rural institutions, and apparatus (*Stakeholder* development for economic growth) that need attention from the government. This is because problems are the responsibility of government, private and other community elements. To further motivate and optimize the participation of apparatus, private institutions and other communities, there needs to be movements that can improve the performance of these institutions in an effort to achieve increased public income according to their respective roles.

The important role of MSMEs is an undeniable reality that MSMEs (Micro, Small, Medium Enterprises) are the most strategic national economic sectors and concern the lives of many people, thus becoming the backbone of the national economy. MSMEs are also the largest group of economic actors in the economy in Indonesia and have proven to be the key to safeguarding the national economy in times of economic crisis, as well as becoming a dynamic economic growth post-crisis. That means micro businesses that have less than one billion sales turnover, and small businesses have sales turnover in the range of one billion, as well as medium-sized businesses with sales turnover of over one billion per year, have a very large role in the nation's development process.

In economic development in Indonesia, MSMEs have always been described as a sector that has an important role because most of the population has low education and lives in small business activities both in the traditional and modern sectors. Empowerment of MSMEs will drive the real sector, because MSMEs generally have industrial linkages which is quite high. In other words the empowerment of MSMEs will provide an expansion of employment and increase in income so that it can support development and economic growth. In general, the problems faced by small and medium micro businesses. Internal factors in the form of lack of capital capital are the main factors needed to develop a business unit and lack of capital MSMEs because in general small and micro and medium enterprises.

2. THEORETICAL REVIEW

MSME Policies according to Rizal Calvary (2008: 2) states: Micro, Small and Medium Enterprises Loans are activities of lending between individuals or business

entities or certain legal entities at the level of micro, small and medium enterprises, who are capable of doing the law with the principle of trust. The role of micro, small and medium enterprises (MSMEs) in the Indonesian economy can at least be seen from: (1) its position as a major player in economic activities in various sectors, (2) employment providers the largest, (3) important players in the development of local economic activities and community empowerment, (4) the creator of new markets and sources of innovation, and (5) their contribution in maintaining the balance of payments through export activities.

Cook and Macaulay in Wibowo (2010) empowerment of changes that occur in management philosophy that can help create an environment where individuals can use their abilities and energy to achieve organizational goals. An employee has the authority and initiative to do something that is deemed necessary, far exceeding his daily tasks. While according to Wibowo (2010: 415) empowerment helps eliminate conditions that cause helplessness while increasing feelings of *self-efficacy* of workers. *Self efficacy* is a feeling that he is able to complete whatever work is given to him. However, *self efficacy* needs to be supported by actual capabilities. Thus, empowerment is a process to make people more empowered or more capable of solving their own problems, by giving them trust and authority so as to foster a sense of responsibility.

Soemarsono (2003: 130), income in a company can be classified as operating and non-operating income. Operating income is income derived from the activity of uall companies. Meanwhile, non-operating income is income earned not from the main activities of the company. Furthermore, Soediyono in Yupita (2010: 21 Revenue is the amount of income received by members of the community for a certain period of time as

remuneration for production factors that they participate in forming production. "

3. RESEARCH METHODS

This study is an explanation with quantitative approach, population target from this research, related institutions include Bappeda office, Umkm Koperasi Office and Industry, Entrepreneurship Sub-District office. The determination of the sample in this study is calculated by Slovin formula as follows²:

Description:
$$n = \frac{N}{1 + Ne^2}$$

n = sample size

N = farmer size

e = percentage allowance inaccuracy

Inaccuracy due to sampling error can be in tolerance or tested. this study use egregious error rate of 10%.

$$n = \frac{6,053}{1 + 6,053 (0.10)^2}$$

$$n = \frac{6,053}{1 + Ne^2}$$

$$= \frac{6,053}{61.53}$$

$$= 98.374 \text{ Number of samples rounded up to } 98$$

Furthermore, based on the calculation of the amount of samslovinmop randomly selected respondents classified by categories of farmers participating program demapan and have not participated in demapan, the number of samples each of which uses a simple formula is:

$$\text{Sample} = \frac{\text{number of samples}}{\text{Total Population}} \times \text{Total Sample}$$

Tools data collection in this study using a) research field (*Field Research*) consisting of: Methods of Observation Direct (observation), Interview, questionnaire and documents and; b) Literature Study (Library Research) which is obtained from library books and other literature which is used as a theoretical foundation in order to conduct discussions.

Data Analysis Techniques

Using validity and test reabilitas, analysis of data using multiple regression analysis and analysis of determination (R²). While for hypothesis testing using F Test and T Test, processing data using SPSS Version 20.

4. RESEARCH RESULTS AND DISCUSSION

From the results of validation test X₁ Against Y, it appears that the results are good enough and respondents agree that the MSME Development Program (X₁) can affect Increased Community Income (Y), because the MSME Development Program (X₁) is a rule that contains actions carried out either by individuals (officials) or groups of government or private sector directed at achieving the objectives outlined in the development policy decision. continuously. This can be seen in the validity test of all indicators declared Valid because the value of r count > from r table. As for the statement with the highest value of Validity is the second statement namely indicators - indicators of MSME players are regulated (0.523), indicators of MSMEs get advice and pre-service from government (0.410) and program indicators that follow the

development of science and technology (0.336) the eleventh statement of indicators of mastery of science and technology (0.523). This means that these indicators predominantly influence the Increase in Community Revenue (Y). While the lowest value of Validity is the statement of the ten indicators of economic sector development related to the value of validity, namely government support indicator (0.143), non-current commodity indicators without obstacles (0.162), Indicators training and coaching (0.164). This means that special attention is needed to the indicators of the development of the related economic sector. Likewise with the reliability test, all indicators are stated as reliability because of cronbach $\alpha > r$ table (0.559 > 0.1671). Furthermore, from the results of the validity test₂ on xy, it can be seen that the results are good enough and the respondents agree that Community Empowerment (X₂) can influence the Improvement

Community Income (Y), because Community Empowerment (X₂) is a development concept which encapsulates multi-aspects. This concept represents a new development paradigm (*post-development alism paradigm*), which is character *centered, participatory, empowering, and sustainable*. "This can be seen in the fact that the validity of all indicators is valid because $r_{count} > r_{table}$. The statement with the highest Validity value is the eleventh statement that is an indicator of respecting and living religious teachings (0.527), statement of two indicators of government involvement in the health sector (0.445), and a third statement of indicators of potential promotion and local product creativity (0.438). This means that these

indicators predominantly influence the Increase in Community Income (Y). This means that special attention is needed to the related trust indicators. Likewise with the reliability test, all indicators stated reliability because cronbach $\alpha > r$ table (0.665 > 0.1671)

While the results of the Y validity test showed that the results were good enough and the respondents agreed that Increasing Community Income (Y) was important and strategic, because based on experience in many countries, it shows that there is no country that can implement development well before being able to realize Community Revenue first. This can be seen in the validity test of all indicators stated Valid because the value of $r_{count} > r_{table}$. The statement with the highest value of validity is the first statement, namely the indicator of salary adequacy (0.730), both satisfaction indicators on salary (0.580), third fair for employment and loans (0.556), while the lowest validity value is the statement of the seven tax indicators with validity values (0, 118) This means that special attention is needed to the percentage indicators of households without access to related clean water. Likewise with the reliability test, all indicators are stated as reliability due to cronbach $\alpha > r$ table (0.699 > 0.1671).

Multiple Regression Analysis Multiple

linear regression analysis is a linear relationship between two or more independent variables (X₁, X₂, X_n) with the dependent variable (Y). The equations or multiple linear regression models produced are:

Table 1. Results of Multiple Linear Regression Model Regression

Model	Koefisien Regresi
Constants	0,000
UMKM development program (X ₁)	0,340
Community empowerment (X ₂)	0,654

Source: data processed, SPSS Version 17 (2018)

Equations the regression is as follows:

$$Y = a + b_1 X_1 + b_2 X_2$$

$$Y = 0,000 + 0,340X_1 + 0,654X_2$$

Description:

Y = selection of prospective village heads
predicted

a = constant

b₁, b₂ = regression coefficient

X₁ = Program Development of MSMEs

X₂ = Community Empowerment

The regression equation can be explained as follows:

- a. The resulting constant is 0,000, meaning that if the MSME Development Program (X₁) and community empowerment (X₂) value is 0, then the Community Revenue Increase (Y) value is 0,000

- b. The regression coefficient variable for the MSME Development Program (X₁) is -0.340, which means that if the other independent variables are fixed and the moral increases by 1%, then the Increase in Community Income (Y) will increase by -0.340
- c. The regression coefficient variabel Empowering communities (X₂) of 0654 means that if another independent variable value is fixed and MSME Development Program increased 1%, then the success of Peoples Income (Y) will increase by 0654. The coefficient is positive, meaning that there is a positive relationship between the MSME Development Program and the increase in people's income, the better the UMKM Development Program, the higher the increase in people's income.

Double Correlation Analysis

Table 2 Double Correlation Analysis

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.111 ^a	0.012	-0.009	6.56315	0.012	0.587	2	95	0.558

a. Predictors: (Constant), X₁, X₂

Source: data processed, SPSS Version 17 (2018)

Based on Table 2, the R number is 0.111. This shows that there is a very low relationship between the MSME Development Program (X_1) and Empowerment Society

(X_2) towards Increasing Income Community(Y). Because the correlation coefficient shows the value of 0.111 is between 0.00 - 0.199.

Analysis of determination (R^2)

Table 3 Results of Determination Analysis

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.151 ^a	0.023	0.002	5.388
a. Predictors: (Constant), X_2 , X_1				
b. Dependent Variable: Y				

Source: data processed, SPSS Version 17 (2018)

From Table 3 obtained the number R^2 (R square) of 0.023 or (2.3%). This shows that the percentage of the influence of the independent variable (MSME Development Program and Community Empowerment) on the dependent variable (Increased community income) is 1.2%. While the remaining 98.8% is influenced or explained by other variables not included in this research model.

Hypothesis Testing

a) T test

Test This test is used to find out whether in the independent variable

regression model (X_1 , X_2 , ..., X_n) partially has a significant effect on the dependent variable (Y). The level of significance uses $\alpha = 10\%$ (10% significance or 0.10), the testing criteria are accepted hypotheses if $-t \text{ count} < -t \text{ table}$ or $t \text{ count} > t \text{ table}$. The results of the test are as follows:

a. Variables of MSME Development Program (X_1)

Hypothesis: there is a significant influence between the MSME Development Program on increasing community income.

Table 4. T Test Results

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	50.926	13.424		3.794	0.000
X_1	0.060	0.134	0.046	0.449	0.654
X_2	-0.190	0.198	-0.098	-0.959	0.340

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X1	0.060	0.134	0.046	0.449	0.654
X2	-0.190	0.198	-0.098	-0.959	0.340

a. Dependent Variable: Y

Source: data processed, SPSS Version 17 (2018)

From Table 4 shows that the results of t count <from t table of independent variables MSME Development Program (X1) namely -0.098 <1.29043 then the hypothesis is rejected meaning that partially there is no influence between the MSME Development Program (X1) on increasing community income.

b. Variables of Community Empowerment (X2)

Hypothesis: there is a significant influence between community empowerment on increasing community income.

In Table 4, it can be seen that t count <t table of the variable community empowerment (X2) is 0.449 <1.29043 then the hypothesis is rejected, meaning that partially there is no significant influence between *community empowerment* on increasing community income .

c. Variables X1 and X2 Against Y
Hypothesis: there is a significant influence between SME development programs and empowerment community

together towards increasing community income.

In Table 4 shows that t > t table of variable development of SMEs (X1) and empowerment (X2) together, namely 3.794 > 1.29043 then the hypothesis is accepted, meaning that partially there is significant influence between the development of SMEs (X1) and community empowerment (X2) together towards increasing community income.

Simultaneous Test (F Test)

Hypothesis = There is a significant influence between MSME Development Program and Community Empowerment together on Increasing Community Revenue in Merangin District, Jambi Province.

Significant level uses $\alpha = 10\%$ (10% significance or 0.10), the test criteria is that H_0 is accepted if F counts F table and H_0 is rejected. If F count > F table, F table is obtained at 1.56. The results of the F test are as follows:

Table 5. F Test Results

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	50.585	2	25.292	0.587	0.558 ^a
	Residual	4092.119	95	43.075		
	Total	4142.704	97			
a. Predictors: (Constant), X1, X2						
b. Dependent Variable: Y						

Source: data processed, SPSS Version 20 (2016)

From Table 5 shows that F count <F table is 0.587 <1.56 with a significance value above 0.10 which is equal to 0.587, then Ha is accepted, meaning there is an insignificant influence between MSME Development Program and Community Empowerment together towards Increasing Community Income So it can be concluded that the MSME Development Program and Community Empowerment jointly influence the Increased Community Revenue in MERANGIN District, Jambi Province

5. CONCLUSIONS AND SUGGESTION

5.1 Conclusions

- From the results of the T test show that the hypothesis Ha is rejected which reads "partially there is no influence between the MSME Development Program (X1) which is 0.098 <1.29043 then the Hypothesis is rejected meaning partially there is no influence between the MSME Development Program (X1) on the increase in community income. So from this research it can be concluded that partially the MSME Development Program is ti does not have a positive effect on increasing community income.
- The results of the T test show that the hypothesis Ha is received which says "partially there is a significant influence

between *community empowerment* on in creasingin come community", as evidenced by t count> t table that is (X2) which is 0.449 <1.29043 with a significance level of 0.491> 0.10 .

- From the results of the F test shows that the Ha hypothesis is accepted which says "there is an influence but not significant between the MSME Development Program and Community Empowerment together on increasingincome community." Evidenced by F count <F tabel is 0.587 <1.56 with a value significance above 0.10 which is equal to 0.587

5.2 Suggestion

Referring to several findings in this study, it is necessary to put forward some suggestions as a solution in solving research problems, including:

- Given the lack of optimal empowerment of small businesses, especially strengthening human resources and strengthening business capital, it is recommended that the district government continue to increase efforts to empower Small Businesses in the form of strengthening HR through providing training and strengthening business capital through providing assistance / business

loans sourced from financial institutions, both banks and non-banks appointed by the government to distribute working capital assistance without collateral.

- b. Considering the average revenue / profit small businesses are still relatively low, with the strengthening of venture capital is factors determining dominant, it is recommended that the government issued a policy of channeling aid / business loans more proportionate, in the sense of increasing the amount of funds to strengthen the venture capital in order to small business actors can develop their business.

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