The Influence of MSME Actors' Income on Increasing Family Welfare in the Kampung Sawah Area

Calvin Wolverine[1], Nur Dina[2], Pristanto Ria Irawan[3]
Universitas Pertiwi

Article Info	Abstract
Article history: Received: 6 Agustus 2024 Publish: 1 November 2024 *Keywords:* *MSMEs;* *Income of MSME Traders;* *Family Welfare.*	*This research examines the relationship between the income of MSMEs and improving the welfare of their families in the Kampung Sawah area, North Jakarta. Consistent and increasing income has the potential to have a positive effect on various aspects of life, including education, health and overall quality of life. However, the relationship between income and community welfare is not always linear and can be influenced by various other aspects, such as individual spending patterns, availability of public services, and local government regulations. This research applies a quantitative descriptive approach, collecting data through surveys and direct dialogue. The sample was selected purposively, involving 73 MSME actors in the Kampung Sawah area, North Jakarta. Data analysis uses a simple linear regression model. Research findings indicate that there is an influence of the income of MSME actors on improving the welfare of their families in the Kampung Sawah area, North Jakarta. It is hoped that this research can become a valuable reference for subsequent studies.*

Corresponding Author:
Calvin Wolverine
Pertiwi University
Email: 20120044@pertiwi.ac.id

1. INTRODUCTION

MSMEs are an important pillar in Indonesia's economic dynamics, not only as providers of employment but also as drivers of local economic growth. In urban areas such as North Jakarta, many families depend on this sector for their livelihood, especially in areas experiencing rapid infrastructure development such as the Kampung Sawah area.

Although infrastructure development can stimulate the local economy, further research is still needed to understand the extent to which increasing the income of MSME actors has an impact on the welfare of their families. The relationship between MSME income and family living standards requires more in-depth study.

MSMEs in Indonesia have unique characteristics, with the majority being family-based businesses where family members are directly involved in business operations. This uniqueness creates complex dynamics between business income and family welfare levels, which is the main focus of this research.

This research has high significance because it can provide new insights for developing more effective policies for MSMEs. With a deep understanding of the relationship between income and family welfare of MSMEs, policy makers can design programs that are more targeted, not only to improve the economic performance of MSMEs, but also to improve the standard of living of those involved.

Furthermore, this study will evaluate the implications of its findings for poverty alleviation strategies and reducing economic disparities in Indonesia. Considering the crucial role of MSMEs in absorbing labor from various social layers, increasing the welfare of MSME families has the potential to create a substantial multiplier effect for the economy as a whole.

In the context of increasingly rapid globalization and digital transformation, this study will examine the influence of the digital revolution on MSME income and its effect

on family welfare. The analysis will cover the potential and obstacles faced by MSMEs in adopting the latest technological innovations, as well as how this impacts their income patterns.

Based on research by Azizah et al., the number of MSMEs has a significant effect on Tulungagung's economic growth, while the minimum wage has no effect (Azizah & Rachmawati, 2023). Furthermore, according to (Wagmiller et al., 2020) Robert L. **Wagmiller,** K. Lee, Jessica Houston Su in their research The Role of Welfare in Family Income Inequality: 1968-2016 This study examines the influence of social policy changes on income disparities among families with children. The research results show that after the welfare system reform in 1996, the effectiveness of cash assistance from the welfare program in reducing the income gap between families has decreased.

According to **T. Wolde** (Wolde, 2018) in Impact of Remittance on Rural Household's Welfare: Evidence from North Wollo Zone, Gubalafto Woreda in Amhara Regional State, Using IV-Estimation Technique, this study examines the effect of income from remittances on the level of family welfare in rural areas, using data taken at a certain point in time. Research findings indicate that remittances have a significant positive effect on household consumption spending patterns. Apart from that, several aspects of family characteristics also play a role in determining their welfare conditions.

This research is expected to contribute to scientific knowledge about MSMEs and economic dynamics, as well as provide a strong empirical basis for policy formulation. By combining economic, social and public policy perspectives, this study aims to provide a comprehensive understanding of the vital role of MSMEs in improving the quality of life of Indonesian people.

2. LITERATURE REVIEW
MSME income

In an economic context, earnings refer to increases in assets or decreases in liabilities that result in equity growth, without taking into account capital contributions from owners or investors. Income represents the financial results of economic activities during a certain period, reflecting the economic value obtained. The main source of this economic value usually comes from sales activities or transactions outside the company's core operations (KOZACHENKO, 2021)

MSME income can be increased through effective entrepreneurship training, which equips business actors with skills and knowledge to increase business efficiency and productivity, as well as opening up opportunities to expand networks and markets. (Kwartawaty et al., 2023)

Easier access to financing sources can play a role in increasing the income of the MSME sector. This convenience has the potential to encourage investment, improve business performance and create new jobs. However, it should be emphasized that the impact on profitability levels and salary scales tends to be not too large (Kersten et al., 2017b)

Family Wellbeing

The concept of a prosperous family refers to a family unit that is able to adequately meet physical and psychological needs, as well as maintaining harmony and balance in the relationships between its members. This study also explores various aspects that have an impact on the level of family welfare, especially in the context of a household led by a figure)(Pertamayanti & Dewi, 2023)

Family standard of living can be understood as the level of a person's ability to meet their basic needs, including clothing, food, shelter, education and health services. In a more

comprehensive context, this concept also includes the capacity to provide for physical and psychological needs, as well as forming and maintaining harmonious and balanced relationships within the family (Redjeki, 2018)

In the welfare state paradigm, family institutions play a vital role as a crucial component in the redistribution mechanism. This family-centered redistribution model is not just about channeling additional aid to the familial unit, but also contains the premise that the family bears the obligation to financially support its members. Government intervention in the form of assistance can only be accessed when the family's financial capacity to support its members has reached its maximum limit or is no longer adequate. (FRERICKS et al., 2023)

3. RESEARCH METHOD

Population

This study applies a quantitative descriptive methodology to analyze the impact of income of MSMEs on improving family welfare in the Kampung Sawah area, North Jakarta. Research subjects include MSMEs who live and operate in the area.
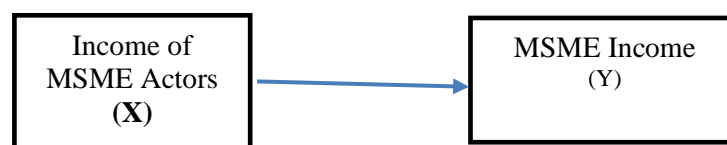
Sample

To ensure the validity of the research results, the sampling process was carried out using a purposive sampling method, focusing on 73 MSMEs located in the Kampung Sawah area, North Jakarta. Referring to the definition (Lijan Sinambela, 2021), a sample is a subset of the population that reflects the characteristics of a larger group

Hypothesis In this research, the formula for hypothesis testing can be explained as follows

H_1: $\rho = 0$	There is a significant influence on the income of MSME traders on increasing family welfare in the Kampung Sawah area of North Jakarta
In: $\rho \neq 0$	There is no significant influence on the income of MSME traders on increasing family welfare in the Kampung Sawah area of North Jakarta

To provide an overview, this study presents the research design through the illustration shown below. The research focuses on the relationship between the income of MSME traders (variable X) and the level of welfare of MSME families (variable Y). In this context, the income of MSME traders acts as an independent variable (X), while the welfare of MSME families is the dependent variable (Y).


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┌─────────────────┐          ┌─────────────────┐
│   Income of     │          │  MSME Income    │
│  MSME Actors    │ ───────▶ │      (Y)        │
│     (X)         │          │                 │
└─────────────────┘          └─────────────────┘
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Figure 1 Research Design

Analysis Model Techniques

Simple linear regression is a statistical technique used to test the linear relationship between two variables, where one variable serves to predict the other. The basic equation is usually written as $Y = \beta0 + \beta1X + e$. In this formulation, Y is the dependent variable, X is the independent variable, $\beta0$ represents the intercept, $\beta1$ is the regression coefficient, and e describes the error factor. (Smith, 2015)

According to this model. (Kumari & Yadav, 2018)   This research uses a simple linear regression method, a statistical tool used to estimate the value of a dependent variable based on one independent variable. This regression model describes the relationship between the independent and dependent variables in the form of a straight-line equation. The regression coefficients in this model are usually estimated using the least squares technique.

4. RESULTS AND DISCUSSION
Validity Test

In this research, a validity check was carried out on the variable "income of MSME actors (X)" and it was determined that at least 10 items in the instrument were considered valid. On the other hand, in the variable increasing family welfare (Y), there are 8 items that are considered valid. This research uses a two-sample test with a significance threshold of $\alpha = 0.05$, resulting in a regression coefficient of around 0.227. The criterion for concluding the validity of an item is if r-count > r-table

Reliability Test

Data analysis shows that each item that has been validated also meets the reliability criteria at a significance level of $\alpha = 0.05$, with an r table value of 0.60. The variable income of MSME actors (X) has a calculated r of 0.950, exceeding the r table of 0.60, so it is considered reliable. Likewise, the variable improving the welfare of MSMEs (Y) recorded a calculated r of 0.914, also exceeding the r table of 0.60, indicating its reliability.

Simple Linear Regression Analysis Test

Referring to table 2 coefficients, the output from simple linear regression analysis presents the t-value, significance level and regression equation. This information is the result of data processing using SPSS software.

Table 2
Simple Linear Regression Analysis Table

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.
		B	Std. Error	Beta		
1	(Constant)	10.718	1.961		5.466	.000
	X	.559	.049	.805	11.437	.000

a. Dependent Variable: Y

Source: Data processed from SPSS

In the table above, the calculation results show the regression equation that can be used to predict variables, namely: Y' = 10,718 + 0.559x. As a basis for decision making, the t test can be used, as follows
a) If value t_{count} > value t_{table}, then there is an influence of variable X on variable Y.
b) If value t_{count} < value t_{table}, then there is no influence of variable X on variable Y

T-table calculations at a significance level of 5% using the formula t table = t ($\alpha/2$; n-k-1) produce a value of 1.996 for n = 73 and k = 1. **The t-count value of 11.437 exceeds the t-table of 1.996**, indicating that there is an influence on the income of MSME actors on increasing family welfare.

Table 3 shows that the income variable of MSME actors contributed 64.8% to increasing the welfare of MSME families, with the remaining 35.2% influenced by other factors outside the research. The influence of this variable is classified as **very strong**, indicated by an r value of 0.805 (in the correlation coefficient range of 0.80-1.00).

Table 3
Coefficient of Determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.805[a]	.648	.643	4.617

a. Predictors: (Constant), X

Source: Data processed from SPSS

DISCUSSION

Statistical tests show that the MSME actor variable (X) has a significant impact on increasing the welfare of MSME families (Y) in the Kampung Sawah area of North Jakarta. This is proven by the value **t-count 11.437 exceeds t-table 1.996** and a significance value of 0.000 which is less than 0.05. Individually, the income of MSME actors shows a positive and significant influence on increasing the welfare of MSME families in that location. This finding is in line with previous studies by, research (Kersten et al., 2017a) Kersten et al. (2017) who conducted a systematic review and multivariate meta-analysis of the effectiveness of MSME funding schemes in low- and middle-income countries revealed significant positive impacts in capital investment, business performance and job creation. However, its effect on profitability and wage levels does not show significant statistical significance.

5. CONCLUSION

This research comprehensively examines the correlation between the income of MSMEs and the increase in the welfare of their families in the Kampung Sawah area, North Jakarta. Based on an in-depth analysis of the collected quantitative and qualitative data, several key findings can be highlighted:

1. The income of MSME actors has a significant impact on increasing the welfare of MSME families, as evidenced by **the t-count value of 11.437 exceeds the t-table of 1.996** and a significance value of 0.000 (< 0.05).
2. The variable income of MSME traders shows a very strong influence with a correlation coefficient of 0.805 (in the range 0.80-1.00).
3. The income of MSME traders contributes 30% to increasing the welfare of MSME families, while the remaining 64.8% is influenced by other factors outside the research.
4. The prediction model can be formulated in the regression equation: **Y' = 10.718 + 0.559x.**

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