(RESEARCH ARTICLE)

Changes in income of Micro, Small, and Medium-sized Enterprise (MSME) actors in the Pahlawan Village, Tanjung Tiram Sub-District: An analysis of determinants

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Abstract

The growing number of micro, small, and medium-sized enterprises (MSMEs) in Pahlawan village, Coal Regency today necessitates a thorough familiarity with the Financial Accounting Standards of Micro, Small, and Medium Entities (SAK EMKM) in the Pahlawan village community of Coal Regency North Sumatra to ensure the smooth operation of businesses and the availability of reliable information for informed decision making. Financial statements generated in accordance with SAK EMKM would produce accurate and relevant financial statements, easy to comprehend, and can be compared with other comparable companies, allowing MSME participants to learn about the financial performance of their business activities. As a business development perk, SAK EMKM helps micro, small, and medium-sized enterprise (MSME) players more easily get financing from creditors as a business capital enhancer. Most functional SMEs continue to ignore widespread accounting norms in favor of more archaic practices. People in charge of small and medium-sized enterprises (SMEs) and the general public still believe that the lack of SAK EMKM will not have any effect on their business.

Keywords: MSME; Community; Business; Development; Financial

1. Introduction

The implementation of this development process is none other than because the community is dissatisfied with the current situation which is considered less than ideal [1]. To maximize the positive impact on local economies, it is believed that this region should focus on developing its abundant marine product resources, particularly its abundant shrimp seafood resources [2]. Welfare issues; coastal conservation and catch-cultivation issues; these are all issues that have not been solved to this day [3]. As a result of SAK EMKM, SMEs in Indonesia should be better able to navigate the banking system and secure the finance they need to expand. As an added bonus, SAK EMKM will make it simpler for MSME managers to create reliable financial statements for future business expansion. This EMKM SAK implementation is as good as it gets. Unfortunately, many SMEs in Batubara Regency still lack familiarity with and knowledge of SAK EMKM. Tanjung Tiram District is only one area where it hasn't been applied in the most effective way. This demonstrates that it is unnecessary to use SAK EMKM when putting together publications for MSME actors and the local community. Socialize and train MSME actors and the public to comprehend the preparation of financial statements in line with SAK EMKM in order to change the way people think about this issue and implement change. A system appears because of man's efforts to meet his needs [4]. Individuals and established institutions alike can benefit from a focus on continuous improvement [5]. When a society improves its standard of living, its members' needs go beyond the scope of the average family's production capacity, leading to an increase in both surplus output and the availability of certain goods [6]. One of the toughest options is to become an entrepreneur, despite the fact that doing so can help you reach your goals, showcase your talents, and reap the greatest possible rewards [7]. Despite their many strengths, MSMEs' many

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weaknesses make it challenging for them to grow and remain competitive [8]. If small and medium-sized enterprise (MSME) traders want to boost their incomes, they should focus more on income-affecting elements [9].

Rates, causes, procedures, and effects are only some of the many angles from which the idea of occupational mobility can be examined [10]. The growth of micro, small, and medium-sized enterprises (MSMEs), as well as economic development and social welfare in Indonesia, can all benefit from these measures. Educating people on why using SAK EMKM to create financial statements is crucial to their company's long-term success and growth necessitates both formal and informal forms of training and socialization. Motivating Self-Governing Groups how to foster an environment where society's full potential can flourish [11]. Entrepreneurs on a smaller scale lack of capital in terms of numbers and sources, lack of cooperative and management skills, lack of organizational and marketing prowess, and intense economic pressures all contribute to restricted mobility [12]. Education in today's life has been considered as a basic need that cannot be postponed [13]. The researcher provided context for the issue she raised and outlined how she came to her conclusions in the following ways: As a result of diminished selling power, the income of MSME actors in Wampu District has dropped during the Covid-19 Pandemic. During the Covid-19 Pandemic, societal restraints led to a decrease in people's purchasing capacity. Capital, entrepreneur education, business duration, operating hours, marketing strategy, use of technology, community income, business location, product quality, and innovation are just some of the factors that influence the income of MSMEtraders in Tanjung Tiram District. They take into account technological advancements in population estimation, as well as the resulting outcomes, in their models. Everything has an effect on everything else. The introduction of cutting-edge technology distinguishes this new version of the model.

2. Results

Furthermore, to find out which factors influence it, we can look at the Rotation Matrix table below.

Table 1 Rotated Component Matrixa

	Components			
	1	**2**	**3**	**4**
Capital	076	0.731	-0.056	0.184
Education	0.636	008	0.128	0.186
old business	0.698	0.253	-0.257	-0.065
Operational hour	0.651	-0.289	0.115	-0.065
Marketing	0.148	-0.024	-0.691	0.294
Technology use	0.283	-0.103	0.834	0.157
Community income	-0.546	-0.169	0.542	0.151
Location	-0.102	-0.040	0.073	-0.775
Product quality	0.064	0.660	047	-0.046
Innovation	-0.087	-0.037	0.037	0.788
Income	0.134	-0.680	0.141	0.122
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 6 iterations.				

To find out which factors are formed can be seen in the table. Its value can be determined by looking at the component value that is the largest among the factors formed. So it can be said that the length of work is (X1) because it has the greatest value of 0.698. Furthermore, Capital becomes (X2) because it has the greatest value, namely 0.731 and Use of Technology becomes (X3) because it has the greatest value among the other factors, which is equal to 0.834.

Therefore it can be said that the factors that influence the income of MSME traders are length of business (X1), capital (X2), and use of technology (X3) and income (Y).

Table 2 ANOVA TableLinearity Test of the Relationship between Capital and Income

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Income * Capital	Between Groups	(Combined)	24.225	2	120.112	4.034	0.023
		Linearity	22.716	1	22.716	7.566	008
		Deviation from Linearity	1.509	1	1.509	0.502	0.482
	Within Groups		159,132	53	3.002		
	Total		183,357	55			

Based on the results of the linearity test, it is known that the sig. deviation from linearity is 0.482 > 0.05, it can be concluded that there is a linear relationship between income and length of business. Furthermore, the relationship between Technology Use and Income can be seen in the table below.

Table 3 ANOVA Table Linearity Test of the Relationship between Technology Use and Income

			Sum of Squares	df	Mean Square	F	Sig.
Income * Use of Technology	Between Groups	(Combined)	18.682	2	9.341	3.006	058
		Linearity	13.554	1	13.554	4.362	042
		Deviation from Linearity	5.128	1	5.128	1.651	0.204
	Within Groups		164,675	53	3.107		
	Total		183,357	55			

Based on the results of the linearity test, it is known that the sig. deviation from linearity is 0.204 > 0.05, it can be concluded that there is a linear relationship between income and technology use. Typically, thinking about development is linked to studying change; here, however, development is defined in terms of a specific kind of change that is, by definition, predetermined [14].

3. Discussion

Factors Affecting MSME Entrepreneurs' Income during the Covid-19 Pandemic**.** Based on research results using CFA (*Confirmatory Factor Analysis)*found several factors that affect the income of SMEs. By seeingIn the following Rotation Matrix table, we can see which factors affect the income of MSME actors.

Based on the table 4, we can see that there are several factors, but to find out which factor is the most influential and its value can be determined by looking at the component value that is the largest among the factors formed. So it can be said that the length of work is (X1) because it has the greatest value of 0.698. Furthermore, Capital becomes (X2) because it has the greatest value, namely 0.731 and Use of Technology becomes (X3) because it has the greatest value among the other factors, which is equal to 0.834. Therefore it can be said that the factors that influence the income of MSME traders are length of business (X1), capital (X2), and use of technology (X3) and income (Y).Furthermore, Multiple Linear Regression Analysis was carried out and based on the results of Multiple Linear Regression Analysis which had been processed using SPSS, so that the values obtained in the following table were obtained:

Table 4 Rotated Component Matrixa

	Components			
	1	2	3	4
Capital	076	0.731	-0.056	0.184
Education	0.636	008	0.128	0.186
old business	0.698	0.253	-0.257	-0.065
Operational hour	0.651	-0.289	0.115	-0.065
Marketing	0.148	-0.024	-0.691	0.294
Technology use	0.283	-0.103	0.834	0.157
Community income	-0.546	-0.169	0.542	0.151
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Product quality	0.064	0.660	047	-0.046
Innovation	-0.087	-0.037	0.037	0.788
Income	0.134	-0.680	0.141	0.122
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 6 iterations.				

Table 5 Coefficients a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	13.399	2.252		5.951	0.000
	Length of Business	0.226	0.209	0.138	1.083	0.284
	Capital	1.224	0.401	0.389	3.051	0.004
	Use of Technology	0.644	0.288	0.275	2.240	0.029
a. Dependent Variable: Income						

Based on the table above, it can be seen that the constant value (a) is 13,399 and for Length of Business (β1) is 0.226, Capital (β2) is 1,224 and Use of Technology (β3) is 0.644 so that a multiple linear regression equation can be obtained:

$$Y = 13,399 + 0.226 \text{ Length of Business} + 1,224 \text{ Capital} + 0,644 \text{ Use of Technology} + e$$

Which means that the length of business, capital and use of technology in this study affect the income of MSME traders. Effect of Business Length on IncomeMSME Actors during the Covid-19 Pandemic. Based on the results of data analysis, the value of Sig. For Length of Business (X1) to Income (Y) is 0.284 > 0.05 and t count 1.083 < t table 2.006 or it can be said that the Significance value of Length of Business to Income is 0.284 greater than 0.5 and t count 1.083 less than t table is 2.006. So it can be concluded that H1 is rejected, which means that there is no effect of X1 on Y or it can be said that the length of business has no significant effect on income. This shows that in this study the length of business has no significant effect on the income of MSME actors in Wampu District. Effect of Capital on IncomeMSME Actors during the Covid-19 Pandemic. Based on the results of data analysis, the value of Sig. For capital (X2) to income (Y) is 0.004 <0.05 and t count3,051> t table 2.006 or it can be said that the Significance value of Capital to Income is 0.004 which is less than 0.5 and t count 3.051 is greater than t table which is 2.006 so it can be concluded that H2 is accepted which

means that there is an effect of X2 on Y or it can be said that Capital has a significant effect on the amount of UMKM Merchant Income. Who said thatpartially the capital variable significantly affects the trader's income.Therefore capital can be added with the goal of increasing income in the future. The development of economic development will be carried out if the formation of capital goes well. Therefore successful development will continue to try to increase its capital. To be able to advance the well-being and independence of a part in a sustainable development process that can improve human resources, quality, and social systems or social institutions [15], [16].

Effect of Technology Use on IncomeMSME Actors during the Covid-19 Pandemic. Based on the results of data analysis, the value of Sig. For Technology Use (X3) to Income (Y) is 0.029 < 0.05 and t count2,240> t table 2.006 or it can be said that the Significance value of Technology Use on Income is 0.029 less than 0.5 and t count 2.240 is greater than t table which is 2.006 so it can be concluded that H3 is accepted which means there is an influence of Technology Use (X3) on Income (Y) or it can be said that the Use of Technology Affects Income. Effect of Length of Business, Capital and Use of Technology on IncomeMSME Actors during the Covid-19 Pandemic. To find out the effect of length of business, capital and use of technology on income, see the ANOVA table below:

Table 6 ANOVA

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.512	3	13.171	4.761	0.005b
	residual	143.845	52	2.766		
	Total	183.357	55			
a. Dependent Variable: Income						
b. Predictors: (Constant), Use of Technology, Capital, Length of Business						

Based on the results table from SPSS, it can be seen that the value of Sig. For the effect of length of business (X1), capital (X2) and length of business (X3) simultaneously or jointly on income (Y) is 0.005 <0.05 and the calculated F value is 4,761> Ftable 2,779, or the influence of the variable length of business (X1) , Capital (X2) and Business Length (X3) together or simultaneously on Income (Y) with a value of 0.005 less than 0.05 and a Fcount value of 4.761 greater than Ftable 2.779 so it can be concluded that H4 is accepted which means there is an influence Length of Business (X1), Capital (X2) and Length of Business (X3) simultaneously to Revenue (Y) or it can be said that Length of Business, Capital and Use of Technology together can Affect Income. For traders should increase capital so that the need for trading can be met so that traders will develop better and will get more profits. In promoting merchandise, merchants should use technology more because it can affect the Merchant's income to increase Revenue.

4. Conclusion

If capital creation, education, duration of business, working hours, marketing, use of technology, community income, location, product quality, and innovation all go well, then economic development will be carried out. This economic cost can be stated in terms of prior possibilities to enhance the level of per capita income, which is the most relevant measurement tool for determining its magnitude. In the end, we show the current relationship between human capital, innovation, and economic development, and we analyze the long-run relationship between historical human capital, current innovation, and economic development.

Compliance with ethical standards

Disclosure of conflict of interest

All authors declare that they have no conflicts of interest.

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He has been an active lecturer in the Development Economics Study Programme at the Faculty of Social Sciences, UNPAB Medan, since 2012, and an active member of the British International Financial Institution's Associate Assistant Director staff since 2012. And in 2018, the North Sumatra Provincial Government entrusted him enough to hire him as Expert Staff in the field of population and culture at the Research and Development Institute. ISBN- and IPR-encoded books

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