

Contribution Analysis of Micro Small and Medium Enterprises On the Regional Development in the Sub-District Medan Johor, Medan City

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Abstract - Economic growth of the city of Medan over a period of 2011 - 2013 shows retarding which means .Economic growth of the city of Medan in the year 2011 at 7,69 % .In 2012 the economic growth of the city of Medan the number decreased to 7,63 % as much as , in 2013 further decline being 4,30 % .But the trade sector , hotel and restaurant growing from 8,67 % in 2011 being 9,40 % in 2013. Research conducted in the sub-district of Medan Johor on Analysis of Contributions of Micro, Small and Medium Enterprises to the Regional Development in the sub-district of Medan Johor, Medan City. The analytical method used in this research is descriptive analysis and multiple regression analysis. The results of the study obtained that micro small and medium enterprises had a role in employment because it has the average employment respondents research as many as 7.37 people (604 / 82). The results of the analysis regression, factors capital, the amount of labor, place of business, formal education, informal education, and legality business entity simultaneously affect income micro small and medium enterprises in the sub district Medan Johor of the city of Medan. In partial variable capital, the amount of labor, and formal education significant influence against revenue micro small and medium enterprises in the sub district Medan Johor of the city of Medan. While dummy variable place of business, informal education and legality business entity does not show a clear significant impact on income micro small and medium enterprises in the sub district Medan Johor of the city of Medan. The role of micro small and medium enterprises to regional development can be seen from employment , purchasing power of the community , level of income to fund family life , and infrastructure support .In addition the local economy where an increased occurrence of PDRB of the city of Medan .Economic development local can create a new job and stimulate regional economic activities as the effect multiplier of the micro small and medium enterprises .With the micro small and medium enterprises expected the local economy so that have an impact on improve economic growth , and increase public welfare.

Keywords - Micro Small And Medium Enterprises, Employment And Regional Development.

I. INTRODUCTION

At the regional level, especially in the city of Medan, it can be seen that in general the economic growth of Medan is inseparable from the contribution of Micro Small And Medium Enterprises. This can be seen from the large number of Micro Small And Medium Enterprises, with a total of approximately 242,890 units of Micro Small And Medium Enterprises which consist of business services, handicraft industries and various other businesses, where the institution has not been optimally arranged, whether it is a matter of licensing or legal aspects so the number Micro Small And Medium Enterprises in Medan City are still uncertain. The types of Micro Small And Medium Enterprises in the city of Medan are businesses in the culinary field, printing services, handicraft making and so on.

The proportion of micro, small and medium entrepreneurs reached 99.8% of the total economic business in Medan. That is, the number of Micro Small And Medium Enterprises reaches almost 500 times the number of large businesses. Even so, the contribution of Micro Small And Medium Enterprises to the city of Medan is estimated to only reach 39.8% while large businesses reach 60.2%. This shows the strength of the large business sector and the still limited Micro Small And Medium Enterprises sector (BPS North Sumatra, 2014).

District of Medan Johor as one of the sub-districts in Medan City North Sumatra Province has developed Micro Small And Medium Enterprises with business types such as: handicraft business, shoes, cakes, food and drinks. The existence of Micro Small And Medium Enterprises in Medan Johor Sub-District, Medan City has a positive impact on alleviating the problem of poverty and unemployment in order to meet the household's living needs.

However, the development of Micro Small And Medium Enterprises is still faced with a variety of problems, which has led to weak competitiveness against imported products. The main problem faced by Micro Small And Medium Enterprises is the limited infrastructure and government access to licensing and bureaucracy and the high level of levies. With all the problems that exist, the potential of large Micro Small And Medium Enterprises is hampered. Although Micro Small And Medium Enterprises are said to be able to withstand the global crisis, in reality the problems faced are very large and heavier. This is because in addition to being indirectly affected by the global crisis, Micro Small And Medium Enterprises must also face domestic problems

that have not been resolved such as the problem of labor wages, employment and illegal levies, corruption and others.

Kuncoro (2009) revealed that the basic problems faced by Micro Small And Medium Enterprises are weaknesses in obtaining market opportunities and enlarging market share, weaknesses in capital structure, weaknesses in the field of organization and management of human resources, limited business networks of cooperation between small entrepreneurs, lack of business climate conducive, lack of integrated guidance and lack of public trust and concern for small businesses.

According to Dipta in Julita and Sari (2015) said that if Indonesia does not encourage competitiveness and added value for goods / products produced, then Indonesia could lose its role in the region and become the object of development progress in the region without obtaining maximum benefit. Therefore, the policy of strengthening competitiveness has received special attention from the government, including strengthening national SMEs. This is important to facilitate national Micro Small And Medium Enterprises that are highly competitive, innovative, and creative, and able to expand the market from the ASEAN Economic Community.

The results of Nurhajati's research (2005) state that the problems faced by Micro Small And Medium Enterprises so that it is difficult to develop include inability in management, weak ability in decision making, lack of experience, and weak financial supervision. Facing the problems of Micro Small And Medium Enterprises that have been raised above, the government as the state administration has made various efforts which at the same time show a commitment to improve the performance and competitiveness of the Indonesian economy. This commitment is institutionally demonstrated through the establishment of a ministry that handles Micro Small And Medium Enterprises since the era of the New Order government (Nursalam, 2010).

The phenomenon of the development of Micro Small And Medium Enterprises in Medan Johor City, Medan City is considered to have an influence on the economic development of the region in the Medan Johor District of Medan City.

II. BENEFITS

The results of this study are expected to be useful for other researchers, the government and the wider community.

1. For the Medan City Government, this research is useful and useful in dealing with the policy of

handling Micro Small And Medium Enterprises problems.

2. For researchers, this research is useful and useful for the development of science, especially concerning the science of planning and developing rural and urban areas.
3. This research is also useful and beneficial for people who are engaged in Micro Small And Medium Enterprises, so that the benefits and development strategies in the future can be optimized.
4. The results of this study are useful and useful for other researchers who are interested in conducting studies and following up on similar studies.

III.METHODS

The population in this study were all actors of Micro Small And Medium Enterprises in Medan Johor Sub district totaling 452 business units (BPS Medan City and Medan City Cooperatives and SMEs Office, 2015). Sampling is done by probability sampling, which is a sampling technique that provides equal opportunities for each element (members) of the population to be selected as sample members (Sangadji and Sopiah, 2010). Then by using the Slovin formula, the number of samples was 81.88 people and rounded up to 82 samples of respondents. The details are as follows:

$$n = \frac{N}{1 + Nd^2} = \frac{452}{1 + (452 \times 0,01)} = 452/5,52 = 81,88$$

Information :

n = Sample

N = Population

d = Precession (10%) = 0,1

Table 3.1.Population and Sample of Micro Small And Medium Enterprises of sub – District

No	Sub-District	Number of People	Sampel (People)
1	Kwala Bekala	70	70/452 x 82 = 13
2	Gedung Johor	65	65/452 x 82 = 12
3	Kedai Durian	104	104/452 x 82 = 19
4	Suka Maju	67	67/452 x 82 = 12
5	Titi Kuning	80	80/452 x 82 = 14
6	Pangkalan Masyhur	66	66/452 x 82 = 12
	Jumlah	452	82

Sumber : BPS Medan City (2015)

Sampel responden proportionally to each of sub – district.

To answer the formulation of the first problem of the role of Micro Small And Medium Enterprises in Medan Johor City Sub-District in absorbing labor using quantitative descriptive analysis, it is done by analyzing data from business respondents' answers regarding the number of workers working in businesses managed by Micro Small And Medium Enterprises in Kecamatan Johor Johor. In addition, data on employment of Micro Small And Medium Enterprises actors was obtained from the Medan City Office of Cooperatives and Micro Small And Medium Enterprises and Medan City BPS. To test the formulation of the second problem and the research hypothesis which factors of

capital, the amount of labor, place of business, formal education, informal education, and legality of business entities have a positive and significant effect on the income of Micro Small And Medium Enterprises actors in Medan Johor District, Medan City using multiple regression analysis with the formula:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \mu$$

Information :

Y = Micro Small And Medium Enterprises Revenue (rupiah / month)

X1 = Capital (rupiah / month)

X2	=	Number of workers (people)
X3	=	Business place (dummy: 1 = legal and 0 = illegal)
X4	=	Formal education (years)
X5	=	informal education (dummy: 1 = there and 0 = none)
X6	=	Legality of business entities (dummy: 1 = there are permits and 0 = none)
B0	=	Constants
μ	=	Error term
$\beta_1 \dots \beta_8$	=	Regression coefficient

To answer the formulation of the third problem of Micro Small And Medium Enterprises contribution to the economic development of Medan City using descriptive analysis, which is done by explaining the contribution of Micro Small And Medium Enterprises to the economic development of Medan City.

IV.RESULT

In the statistical test partially with the critical t value (critical value) at $df = (n-k)$, where n is the number of samples and k is the number of independent variables including constants. To test partial regression coefficients individually from each independent variable can be seen in Table 4.1

Tabel 4.1. Uji Statistik-t

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.446	.151		9.554	.000
	Financial Capital	.906	.010	.909	95.216	.000
	Total manpower	.089	.012	.085	7.674	.000
	Place of business	.005	.014	.003	.360	.720
	Formal Education	.067	.030	.014	2.230	.029
	Informal Education	.005	.007	.003	.634	.528
	Legality of business entities	.006	.016	.004	.402	.689

a. Dependent Variable: Income

In Table 4.1The test statistic is obtained, as follows:

1. Variable capital with a probability level of 0,000. Thus it can be concluded that $P = 0,000 < \alpha = 0,05$, reject Ho's hypothesis and accept Ha's hypothesis which states that capital has a positive and significant effect on Micro Small And Medium Enterprises income.
2. Variable number of workers with a probability level of 0,000. Thus it can be concluded that $P = 0,000 < \alpha = 0,05$, reject Ho's hypothesis and accept Ha's hypothesis which states that the number of workers has a positive and significant effect on Micro Small And Medium Enterprises income.
3. Variable place of business with a probability level of 0.720. Thus it can be concluded that $P = 0.720 > \alpha = 0.05$, reject the Ha hypothesis and accept Ho's hypothesis which states that the place of business has a positive and insignificant effect on Micro Small And Medium Enterprises income.
4. Formal education variables with a probability level of 0.029. Thus it can be concluded that $P = 0.029 < \alpha = 0.05$, reject Ho's hypothesis and accept Ha's hypothesis which states that formal education has a positive and significant effect on Micro Small And Medium Enterprises income.
5. Informal education variables with a probability level of 0.528. Thus it can be concluded that $P =$

$0.528 > \alpha = 0.05$, reject the H_a hypothesis and accept H_o 's hypothesis which states that informal education has a positive and insignificant effect on Micro Small And Medium Enterprises income.

6. Variable legality of business entities with a probability level of 0.689. Thus it can be concluded that $P = 0.689 > \alpha = 0.05$, reject the H_a hypothesis and accept H_o 's hypothesis that the legality of business entities has a positive and insignificant effect on the income of Micro Small And Medium Enterprises.

Based on Table 4.1.and the above description can thus be arranged as a multiple regression equation as follows:

$$Y = 1,446 + 0,906X_1 + 0,089X_2 + 0,005X_3 + 0,067X_4 + 0,005X_5 + 0,006X_6$$

The multiple regression equation model is meaningful:

1. A constant value of 1,446 means that if the independent variables (capital, amount of labor, place of business, formal education, informal education, and legality of business entities) are considered constant, then the income of Micro Small And Medium Enterprises is ln 1,446.
2. Capital variables have a positive effect on the income of Micro Small And Medium Enterprises with a coefficient of 0,096, meaning that each addition of ln 1, the capital variable will increase the income of Micro Small And Medium Enterprises by ln 0,096.
3. Variables in the number of workers have a positive effect on the income of Micro Small And Medium Enterprises with a coefficient of 0,089, meaning that each addition of ln 1, the variable number of workers will increase the income of Micro Small And Medium Enterprises by ln 0,089.
4. Business place variables have a positive effect on the income of Micro Small And Medium Enterprises with a coefficient of 0,005, meaning that each additional ln 1, the place of business variable will increase the income of Micro Small And Medium Enterprises by ln 0,005.
5. Formal education variables have a positive effect on the income of Micro Small And Medium Enterprises with a coefficient of 0,067, meaning

that each additional ln 1, formal education variables will increase the income of Micro Small And Medium Enterprises by ln 0,067.

6. Informal education variables have a positive effect on the income of Micro Small And Medium Enterprises with a coefficient of 0,005, meaning that each additional ln 1, the informal education variable will increase the income of Micro Small And Medium Enterprises by ln 0.005.
7. The legality variables of business entities have a positive effect on the income of Micro Small And Medium Enterprises with a coefficient of 0,006, meaning that each additional ln 1, the legality variable of the business entity will increase the income of Micro Small And Medium Enterprises by ln 0,006.

To find out the purchasing power of the community towards Micro Small And Medium Enterprises products can be seen in the following table.

Table 4.2 People's purchasing power

Purchasing Power	Number of Responses	Percentage
High	28	34,15
Medium	35	42,68
Low	19	23,17
Total	82	100

Source :Primary data is processed, 2016

Table 4.2 shows that the purchasing power of the people towards the dominant Micro Small And Medium Enterprises product is medium purchasing power of 35 respondents (42.68%), followed by high purchasing power of 28 respondents (34.15%) and low purchasing power of 19 respondents (23, 17%). This result shows that the people's purchasing power towards Micro Small And Medium Enterprises products is quite good because only 19 respondents (23.17%) of Micro Small And Medium Enterprises who showed low purchasing power and 63 respondents (76.83%) were at medium purchasing power and high purchasing power.

The level of income of Micro Small And Medium Enterprises in financing family living shows that as many as

76 respondents (92.68%) have been able to finance their families, while 6 respondents (7.32%) have not been able to support their families.

Table 4.3 The Role of Micro Small And Medium Enterprises in Family Financing

Income Level	Number of Responses	Percentage
High Income	76	92,68
Low Income	6	7,23
Total	82	100

Source :Primary data is processed, 2016

Table 4.3 shows that as many as 90% of Micro Small And Medium Enterprises in Medan Johor City Sub-District in this study were able to finance family living from the income they managed. This condition shows that the role of Micro Small And Medium Enterprises in the development of the region in terms of the level of income in financing family living is good enough because the income of Micro Small And Medium Enterprises is able to finance the family's life. The increase in income will increase their standard of living. This situation is expected to contribute to increasing regional and national income. Therefore the role of Micro Small And Medium Enterprises has an important role in realizing the goals of development equality.

Infrastructure support is market availability, credit capital, information technology, and road accessibility in supporting the activities of Micro Small And Medium Enterprises players. To find out the infrastructure support for the activities of Micro Small And Medium Enterprises players can be seen in the following table.

Table 4.4 Infrastructure Support in Acting Micro Small And Medium Enterprises Activities

Purchasing Power	Number of Responses	Percentage
High	22	26,83
Medium	31	37,80
Low	29	35,37
Total	82	100

Source :Primary data is processed, 2016

Table 4.4 shows that respondents' responses to infrastructure support in the dominant activities of Micro Small And Medium Enterprises players were in the category of as many as 31 respondents (37.80%), followed by the low category of 29 respondents (35.37%), and good categories of 22 respondents (26 , 83%). These results indicate that infrastructure support is quite good because only 29 respondents (35.37%) stated that infrastructure support was low while 53 respondents (64.63%) stated that infrastructure support was sufficient and good.

V. CONCLUSION

1. Micro Small And Medium Enterprises play a role in the absorption of labor because they have an average labor absorption of 7.37 respondents (604/82).
2. The results of regression analysis, capital factors, the amount of labor, place of business, formal education, informal education, and legality of business entities simultaneously affect the income of Micro Small And Medium Enterprises in the Medan Johor District of Medan City. Partially the variables of capital, the number of workers, and formal education show a significant influence on the income of Micro Small And Medium Enterprises in the District of Medan Johor, Medan City. While the dummy variable of the place of business, informal education and legality of business entities did not show a significant influence on the income of Micro Small And Medium Enterprises in the District of Medan Johor, Medan.
3. The role of Micro Small And Medium Enterprises in the development of the region can be seen from the absorption of labor, the purchasing power of the people, the level of income in financing family living, and infrastructure support. In addition, the development of the local economy where the increase in the Gross Regional Domestic Product(GRDP) of Medan City. Local economic development can create new jobs and stimulate regional economic activities as a multiplier effect of the development of Micro Small And Medium Enterprises. With the existence of Micro Small And Medium Enterprises, it is expected that the development of the local economy will have an impact on increasing economic growth, and improving the welfare of the community.

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