Roles of Micro and Small Enterprises of Snack and Pastry Productions and Product Innovation on the Increase of People's Income in Periuk – Tangerang City

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Abstract

This research was conducted based on researchers' will to find out the Roles of Small and Micro Enterprises of Snack and Pastry Productions, and Product Inovation toward the Increase of Economy Income of Periuk People – Tangerang City.

There are many factors influencing the increase of economy income of UMKM People. Some of them are the lack of policy program on foster father, which was identified to affect the increase of people's economy income. There was also a shift on the business pattern, which is from conventional into digital. This was why the number of enterpreneurs of micro and small enterprises grew so rapid and massive that it affected the increase of people's economy income. The lack information on UMKM programs for the people was identified to affect the increase of people's economy income. The small number of innovation on snack products produced was suspected to influence the increase of people's economy income.

The independent factors studied were the Roles of Small and Micro Enterprises (X1) and Product Innovation (X2), and the dependent factor was People's Income (Y). Based on the results of correlation coefficient analysis, it was found out that coefficient correlation for X1 is 0.750 and for X2 was 0,805. This means that the roles of micro and small enterprises and product innovation strongly influenced the people's income. The positive impact showed that the better the roles of micro and small enterprises and product innovation, the higher the people's income.

To find out how much they influenced, Simple Linear Regression was used as analysis tool. It was found out that the results of Variable (X1) and the value of t_{count} (8.253) was higher than t_{table} (1.984) and it rejected Ho. So, the hypothesis is Ho was rejected and Ha was accepted. This showed that there were significant influences between roles of micro and small enterprises and the product innovation with the people's income. The variable X2 with the value of T_{count} 4.862 was higher than T_{table} and it belonged to the rejection scope of Ho. So, the hypothesis was Ho was rejected and Ha was accepted. This indicated that there were significant influences between product innovation and people's income.

Keyword: Roles of Micro and Small Enterprises, Product Innovation, and Income

INTRODUCTION

There are some factors affecting a country's economy. In Indonesia, there is one sector that greatly contributes to national economy. This sector is mostly known as micro and small enterprises. Micro and small enterprises include many fields. Even though they are in small scale, they play great role in the money circulation in Indonesia. Micro enterprises are productive businesses that belong to individuals and/or organizations which meet the requirements for micro enterprises. These requirements are regulated by government in the law.

Besides above criteria, there are things that can help to identify a micro business, especially viewed from its growth. They are classified into two:

1. Livelihood: micro enterprise business whose characteristics and aims are only to make a living.
2. Micro: a micro enterprise which is developing. However, this enterprise has not either employed subcontract-workers or exported the products.

Small, micro, and medium enterprises (UMKM) have important roles on economy for Indonesians. Indonesia Government also views their significant existence of these entrepreneurs. This can be seen clearly that Cooperative-SME Ministry has specific division for UMKM and Cooperatives.

There are at least 3 important roles of UMKM in the lives of low class people. They are:

1. As the means to alleviate poverty

The very first role of UMKM is as the means to get the common people out of poverty. That UMKM absorbs high number of employees is the main reason for this. This is proven by the data of Ministry of Cooperatives and SMEs of 2011. It is mentioned that there were more than 55.2 million units of UMKM which absorbed about 101.7 million workers. This later increased to be 57.8 units of UMKM with almost 114 million workers.

2. As the means to equalize the economy level of common people

As the means to equalize the economy level of common people, UMKM also has a significant role to equalize the people's economy. UMKM is different from big companies because they spread everywhere, including the very remote areas which do not follow the world's progress. The existence of UMKM in 34 provinces of Indonesia has minimized the economy gaps between the rich and the poor. Still, people do not necessarily urbanize just to improve their living.

3. As the means for the nation's source of foreign exchange

The next role of UMKM, which is also as important as the two others, is as the source of national foreign currency. Nowadays, UMKM has been developed in Indonesia. Their market shares are not only national, but also international. Data of Ministry of Cooperatives and SMEs in 2017 showed that UMKM actors contributed to the high number of national foreign currency. It reached 88.45 billion IDR. This was eight times more than in 2016.

Within these three roles, it is not wrong if we should not underestimate the UMKM actors.

Business of snacks, which can be operated within small capital and in home-scale, has a very good opportunity not only for now but also for the future. The market's demand for snacks always flows because its lover is not only children, but also teens, adults, and parents. So, this is not surprising when the business actors of snacks are flooded with orders as their products served as the intermezzo snacks in every event.

Moreover, there is a great variety of snacks range from fruit chips, vegetable chips, cassava chips, *rengginang* (thick rice cracker), to baby nile tilapia crackers. They are sold at

various prices. These open bigger opportunities for anybody who wants to start this snack business.

The snacks, that are going to be sold, should have good quality in terms of materials used, processing, and packing. The materials used should be hygienic and free from dangerous contents. The processing should follow the regulations, for example using the low temperature when frying, changing the cooking periodically. Then when packing, we should pack the fried snacks into good, interesting, and standardized packaging according to its brand.

The actors of snack enterprises are businessmen who are highly motivated to create different and new snacks. Their different and new snacks cause the consumers can easily find out and distinguish their products. So, it does not matter if their products have existed in the market as long as they are innovatively different.

The innovation can involve the product, technology in frying process (for examples vacuum frying or low-temperature frying), and packing. These can attract customers and innovation in marketing by online media. We can see nowadays many snack entrepreneurs gain their success because of their innovations.

Great care is given to the actors of UMKM. This is just to show how Government supports the middle class people's economy.

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FINDINGS AND DISCUSSION
Respondents' Profiles

Kecamatan Periuk (Periuk Subdistrict) is one of 13 Subdistricts in Tangerang City. Geographically, it has borders; the north with Neglasari Subdistric, the south with Jatiuwung Subdistrict, the east with Karawaci Subdistrict, and the West with Tangerang Regency.

In 2018, there were 45,236 households and 148,829 people in Periuk Subdistrict. The people are 76,094 males and 72,735 females. These figures show that the male population is higher than the female.

From the age productivity, the people in Periuk Subdistrict are divided into three. The productive age belong to people of 15-64 years old. There were 108,414 people belong to this category. Meanwhile, the non-productive age belong to people of 0-14 and 65-74 years old. There were 40,516 people belong to this group.

In Periuk Regency, there is Community of UMKM Periuk (CUP) Bestari. This organization is expected to be the forum for UMKM actors in Periuk for sharing information and

for gathering. CUP Bestari is expected to be able to introduce various products of Periuk's UMKM; traditional market snacks, pastries, etc and to participate in various event in subdistrict or city level.

Validity Test

In this research, the researchers created 10 questions for every variable. There were 100 respondents for data collections. Within the significance level 5%, it was found out that R_{table} value is 0.195. This value or R_{table} was later compared with R_{count} gained from SPSS output. Table 2 showed that all R_{count} values were higher than R_{table} values. So, it can be concluded that all the items in the questionnaire were valid.

Table 1
Results of Validity Test

Code	R Count	R Table	Description
X11	.725	.195	Valid
X12	.723	.195	Valid
X13	.739	.195	Valid
X14	.721	.195	Valid
X15	.736	.195	Valid
X16	.710	.195	Valid
X17	.757	.195	Valid
X18	.713	.195	Valid
X19	.725	.195	Valid
X110	.738	.195	Valid
X21	.782	.195	Valid
X22	.773	.195	Valid
X23	.765	.195	Valid
X24	.784	.195	Valid
X25	.765	.195	Valid
X26	.786	.195	Valid
X27	.771	.195	Valid
X28	.771	.195	Valid
X29	.768	.195	Valid
X210	.773	.195	Valid
Y1	.747	.195	Valid
Y2	.789	.195	Valid
Y3	.773	.195	Valid
Y4	.747	.195	Valid
Y5	.762	.195	Valid
Y6	.774	.195	Valid
Y7	.763	.195	Valid
Y8	.747	.195	Valid
Y9	.788	.195	Valid
Y10	.788	.195	Valid

Reliability Test

The reliability leves of variables were scored from Alpha Cronbach value. Results of reliability measurement as shown in Table 3 showed that the values of Alpha Cronbach for all the variables were more than 0.7 (Stanislaus Uyanto, 2009). So, it can be concluded that all the instruments set on the variables were already reliable.

Table 2
Results of Validity Test

Variable	*Alpha Cronbach*	Description
X1	.749	Reliabel
X2	.792	Reliabel
Y	.787	Reliabel

Discussions

To find out whether there were influences or not between variables X1 and X2 and to measure the strength of the influences, multiple linear regression analysis was used by SPSS (*Statistical Package for Service Softition*) calculation. The results are as following:

Table 3
Multiple Linear Regression Test

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations		
	B	Std. Error	Beta			Zero-order	Partial	Part
1 (Constant)	14.548	2.634		5.523	.000			
Roles of Micro and Small Enterprises	.684	.061	.750	11.234	.000	.750	.750	.750
2 (Constant)	5.888	2.968		1.984	.050			
Roles of Micro and Small Enterprises	.526	.064	.577	8.253	.000	.750	.642	.497
Product Innovation	.358	.074	.340	4.862	.000	.634	.443	.293

a. Dependent Variable: y

In t column, T test was used. To test validity of the hypothesis, T_{count} scores gained were compared with T_{table} values. In column T, it was found out that T_{count} for the roles of micro and small enterprises was 8.253. By using T normal distribution table and certainty level $(1 - \alpha)$ 95% and test margin of error (α) n – 2 = 100 – 2 = 98, it was found out that distribution value of T_{table} was 1.984. Because T_{count} of roles of micro and small enterprises was higher than peran dari T_{table} or 8,253 > 1,984, Ho was rejected and Ha was accepted. Meanwhile the column of T_{count} for Product Innovation (X_2) was 4,862 by using T normal distribution table, margin of error (α) 5%, and degree of freedom or (df) n - 2 = 100 – 2 = 98, so the T_{table} distribution value gained was 1.984. Since T_{count} of product innovation was higher than T_{table} or 4.862 > 1.984, Ho was rejected and Ha was accepted.

Table 4
Regression Models

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	.750[a]	.563	.558	2.07648	.563	126.212	1	98	.000
2	.805[b]	.649	.641	1.87150	.086	23.644	1	97	.000

a. Predictors: (Constant), X_1
b. Predictors: (Constant), X_1, X_2

The column of R square for model 1 showed that R square was 0.653 (which is the squaring for correlation coefficient of 0.750 x 0.750 = 0.563). R Square is also named as coefficient of determination. This means that the influence of roles of micro and small enterprises on people's income was 56.3%. Meanwhile, the rest (100% - 56,3% = 43,7%) was influenced by other factors. R Square ranged from 0 to 1. The less the R Square value, the stronger the relation between variables and vice versa it showed. The R Square for model 2 showed the R Square was 0.649 (which is the squaring of correlation coefficient or 0.805x0.805 = 0.649). R Square was also called coefficient of determination. This means that the influence of of product innovation on the people's income was 64%, and the rests was influenced by other factors. R Square ranged from 0 to 1, the less the R Square the stronger the relation between variables it showed, and vice versa.

CONCLUSION

From the previous analyses and the discussions, we can take some conclusions on roles of micro and small enterprises of snacks, pastries, and product innovation toward the increase of people's economy income in Periuk Subdistrict – Tangerang City. Here they are:
1. People's income was really affected by the roles of micro and small enterprises and product innovation. Thus, people of Periuk Subdistrict – Tangerang City were expected to sustain the existing micro and small enterprises and product innovation. They can do this by taking training, joining the exhibitions conducted by UMKM, and controlling the production and packaging process to minimize error and to maximize their income. This, in the end, was going to improve people's economy.
2. The economy income of Periuk Subdistrict people could be said to increase. These could be confirmed by the respondents' answers on 10 questions on eoncomy income of people of Periuk Subdistrict. The level of people's income was influenced by the roles of micro and small enterprises and product innovation. If their roles can be maximized, the people's income can be increase.
3. From the results of X1 and X2 toward Y, by using analysis on correlation coefficient, it was found out that correlation coefficient for X1 was 0.750. This means that the roles of micro and small enterprises strongly influenced people's income. Then, X2 showed correlation coefficient for 0.805. This means that product innovation strongly influenced people's income. The positive influences showed that the better the roles of micro and small enterprises and product innovation, the higher the people's income was.

4. Variable X1 with the value of Tcount 8.253 was higher than the value of Ttable 1.984. So, the hypothesis Ho was rejected and Ha was accepted. This showed there was a significant influence between the roles of micro and small enterprises and people's income.

5. Variable X2 with the value of Tcount 4.682 was higher than the value of Ttable 1.984. So, the hypothesis Ho was rejected and Ha was accepted. This showed that there was a significant influence between product innovation and people's income.

6. Research Results of Regression Equation showed that $Y = 5,888 + 0,526 X_1 + 0,358 X_2$, which means for every 1 point of increase or decrease of roles of the small and micro enterprises, people's income would increase or decrease for 0.526. Meanwhile, for every 1 point increase or decrease on product innovation, people's income would increase or decrease for 0.358.

   Significant influences meant that the increase on the roles of micro and small enterprises and product innovation could increase the people's income. On the contrary, the decrease on the roles of micro and small enterprises and product innovation could decrease the people's income.

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