THE INFLUENCE OF BUSINESS CAPITAL, LABOR COSTS, AND MARKETING COSTS ON THE INCOME OF MSMEs IN SEMBALUN, EAST LOMBOK

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Abstract

This study aims to determine the effect of business capital, labor, and marketing costs on MSME income in Sembalun District, East Lombok Regency. The type of research used is Quantitative research with an Associative Approach. The sampling technique is a saturated sample, so the population and sample total 185 MSMEs. The data analysis method used in this research is multiple linear regression with SPSS 25 statistics: (1) Business capital variable (X1) has an effect on MSME income with a significant value of 0.36 <0.05 and a calculated t value of 2.122> 1.980 t table, meaning that the higher the business capital owned by MSMEs, the income received will increase. (2) Labor costs (X2) do not affect MSME revenue as seen from the significant value of 0.233> 0.05, and t count 1.200 < 1.980 t table, meaning that the high and low labor costs incurred by MSMEs are unable to affect revenue. (3) Marketing costs affect revenue by obtaining a significant value of 0.003 < 0.05 and a t value of 2.989> 1.980 t table, meaning that the higher the marketing costs incurred, the product will be known to the public so that it will affect the high income received by MSMEs

Keywords:*Business capital, labor costs, marketing costs, income*

INTODUCTION

Indonesia is one of the countries whose economic conditions are included in the developing category, where a developing country focuses more on economic development and growth towards a better direction; this development process has a direct influence on the growth and development of the business world, which is the units that play a direct role in improving the Indonesian economy. The Indonesian economy comes from small businesses developed by small entrepreneurs, including Micro, Small, and Medium Enterprises (MSMEs). MSMEs are one of the real sectors entrepreneurs widely run in Indonesia because MSMEs are easy to manage by any party and do not cost much to set up a business (Titik, 2015).

MSMEs are the backbone of a populist economic system that aims to reduce disparities between income groups and business actors, alleviate poverty, and create employment. The world, especially in low / poor-income countries, shows that MSMEs are important in overcoming obstacles to poverty, inequality, and job creation, especially in rural areas (Tambunan, 2019).

The main objective of running a business is to profit from its income through production activities. In pure economics, a simple assumption states that a business is carrying out its production to maximize profits (profits) in halal ways and sources, which then the income generated is used to fulfill the needs of life and the company's survival. Revenue is the amount of money the company receives from its activities, mostly from selling products or

services to customers. In order to achieve the company's goal of obtaining high revenue, it is necessary to classify a company as one with careful planning and good strategy (Melinda, 2020). The income obtained is influenced by internal factors, including business capital, labor, and marketing costs (Prihatminingtyas, 2019).

For every small, medium (MSME), or large scale, business capital is one of the most important factors determining the production and income level. Business capital is one of the inputs or production factors that can affect income. However, it is not the only factor that can increase income (Sudirman, 2015), supported by research (Ernawati. *et al.,* 2019) and (Mahayasa*etal.*, 2018) stating that business capital affects business income. In contrast, research (Rosyyanto, 2021) says that business capital does not affect income.

Besides the business capital factor, the labor cost factor also affects MSME income. Labor costs are an important thing for company employees. Of course, good labor costs will later have a good impact on workers so that they can continue to work enthusiastically. The influence of labor costs plays a very important role in MSMEs because labor costs are the price charged for the use of human labor, which consists of direct labor costs such as salaries (wages), incentives, allowances, overtime premiums, and indirect labor costs, namely wage benefits, welfare costs. All employee costs are directly related to the production of these goods(Firmansyah, 2016). The results of research conducted by (Nayaka& Kartika, 2018) and (Mahayasa*etal.,*2018) show that labor costs affect the income of entrepreneurs. In contrast to research (Habriyanto *etal.,* 2021) labor costs do not affect the income of MSMEs of fish crackers SPN Jambi City.

Marketing costs are also an important factor in the cycle related to meeting consumer needs. In a company, marketing is one of the main activities that maintain survival, development, and profit. Marketing activities in the company must also be able to provide satisfaction to consumers if they want their business to keep running. Marketing costs incurred by traders must be calculated so that the trader knows the total cost, which must be calculated to calculate the trader's income to continue running the business and vice versa. The research results supported by (Meilinda& Mahmud, 2020) and (Indra& Abdullah, 2015) show that marketing costs affect MSME income. Meanwhile, (Nugrahini*etal.*, 2016) said that marketing costs had no effect and were insignificant on Kartasura District's MSME revenue.

Based on preliminary observations, researchers know several problems in MSME actors in the Sembalun District, including Capital Problems. Capital is still a problem for MSME actors in the Sembalun District. Some of the MSME actors have difficulty developing their businesses due to limited capital, and so do people who want to start opening small businesses because not all people, especially the lower middle class, have sufficient capital to open or develop their businesses and productivity, so in this case, the community needs loan capital. However, it often fails because it does not meet the parties' requirements, including the bank, capital corporation, and pawnshop.

Labor costs and marketing costs also affect their income. They do not consider the labor costs they incur because most of these MSME actors employ their families. Therefore, the labor costs they incur sometimes do not match the income they generate. Likewise, with marketing costs, some of the MSME actors consider that the costs required and incurred to market products are costly, starting from promotion costs and transportation costs (delivery),

and some MSME actors also lack an understanding of social media. Hence, they only sell in front of the house or front of the road.

This study aims to analyze the effect of business capital, labor, and marketing costs on MSME revenues in the Sembalun sub-district of East Lombok. By testing this effect, this research is expected to contribute to knowledge development. It is also expected to be used as input in considering business implementation and can be used as research reference material, especially research on business capital, labor costs, and marketing costs on MSME income.

Method

This research uses Quantitative research with an Associative Approach, which determines the causal relationship in which the independent variables (those that influence) are business capital, labor costs, and marketing costs on the affected (dependent) variable, MSME income. The data collection technique used in this study was a questionnaire. The questionnaire is data collection by giving written question agreements to respondents to answer. The sampling technique is a saturated sample, so the population and sample total 185 MSMEs.

The variables used in this study are:

1. Business capital (X1): Business capital in this study is the main money used in trading. It can buy basic ingredients for running a daily business from its capital and other sources.

2. Labor costs (X2): Labor costs in this study are costs incurred as a result of labor utilization, which is the price charged for the use of human labor in carrying out production(Mulyadi, 2016).

3. Marketing costs (X3) In this study, marketing costs are costs incurred to market products, such as advertising costs, promotional costs, transportation costs from the company warehouse to the buyer's warehouse, and employee salaries(Mulyadi, 2016).

4. UMKM income (Y) income in this study is the amount of income the population receives for their work performance during a certain period, either daily, weekly, monthly, or annually. Income is the result of a business, such as a home industry, that is in operation (Trisnawati, 2013).

The data analysis method uses descriptive statistics, validity and reliability tests, classical assumption tests, multiple linear regression, partial tests (T), and R2 tests with the help of IBM statistical SPSS 25. Respondents' perceptions of research questions are described using the total value of each indicator submitted. The stated perceptions relate to business capital, labor costs, marketing costs, and MSME income.

The validity test in this study uses question item analysis correlating the item score with the total, which is the sum of the item scores. In contrast, the reliability test uses Coronbach's Alpha statistical test. Test the assumptions of classical assumptions using the normality test with Kolmogorov Smirnov, the multicollinearity test by looking at the tolerance value, and the VIF and heteroscedasticity test with the Glejser test. Multiple linear regression tests were conducted to show the direction of the relationship and measure the

strength of the relationship between the independent variables (business capital, labor costs, and marketing costs) and the dependent variable (MSME income). The partial test (T) is used to determine the effect of each independent variable on the dependent variable. The R2 test is used to measure how far the model's ability to explain variations in the dependent variable.

RESULTS AND DISCUSSIONS

Results

This research was conducted on MSMEs in Sembalun District involving 185 MSME actors. The distribution and collection of questionnaires, a meticulous process, were carried out starting from the research permit issued by the secretary of the Sembalun sub-district on June 27 to July 21, 2022. The research data was collected by distributing questionnaires totaling 185 to MSME actors in Sembalun District, which can be explained in Table 1 below.

Table 1. Distribution and Return of Questionnaires

No	Remarks	Total
1.	Questionnaires collected	185
2.	Non-returned questionnaires	(41)
3.	Incomplete questionnaires	(27)
	Total	**117**

Source: Data processed, 2022

A total of 185 questionnaires were distributed to MSME actors in Sembalun District. The questionnaires that were not returned were 41 on the grounds of going out of business and seasonal business, and 27 MSMEs did not fill out the questionnaire completely because some of the MSME actors needed help understanding or understanding the statements in the questionnaire. The number of returned questionnaires amounted to 117, and the questionnaire could be processed properly without any lack of filling.

Table 2. Description of Respondents by Gender

Gender	Number of Respondents	Percentage
Female	86	73,5%
Male	31	26,5%
Total respondents	117	100%

Source: Data processed, 2022

The number of respondents based on female gender was 86 with a percentage of 73.5%, while there were 31 male respondents with a rate of 26.5%. The majority of respondents who filled out the questionnaire were female, which means that women in Sembalun District are more detailed than men in terms of trading. In addition, women are asked to stay at home, so they open businesses to help the family economy

Table3.Respondent Data by Education

Education	Frequency	Percentage
elementary/equivalent	49	41,9%
junior high school/equivalent	33	28,2%
high school	26	22,2%
Diploma Degree	3	2,5%
Graduate Degree	6	5,2%
Total	**117**	**100%**

Source: Data processed, 2022

The number of MSMEs with elementary/equivalent education levels was 49 people or 41.9% more dominant than junior high school/equivalent, as many as 33 people or 28.2%, and high school as many as 26 people or 22.2% more dominant than D3 as many as 3 people or 2.5% and S1 as many as 6 people or 5.2%. Respondents with elementary/equivalent education levels were the most numerous respondents in this study, namely 49 people (41.9%). Meanwhile, respondents with a D3 education level were the fewest respondents in this study, namely 3 people or 2.5%. The most dominant reason for filling out the questionnaire was the elementary school education level because the community in the Sembalun sub-district still needs to be improved in terms of education.

Table 4. Length of business

Length of service	Total	Percentage
1-5 y.o	62	53,1%
5-10 y.o	34	29%
10 y.o	21	17,9%
Total	**117**	**100%**

Source: Data processed, 2022

The number of MSMEs with a business duration of 1-5 was 62 people, with a percentage of 53.1%; those who had been established for 6-10 years were 34 people, with a rate of 29%, and those who had been established for more than 10 years were 21 people with a percentage of 17.9%. Thus, the majority of MSME players in Sembalun Village have been established for more than 1 year because the community has increasingly recognized tourism in Sembalun District in the past 5 years.

Table 5. Validity and Reliability Test Results

Variables	Question item	Correlation Value	R table	Remarks	Cronbach Alpha	Remarks
Business Capital X1	Item 1	0,621	0,1816	Valid		
	Item 2	0,711	0,1816	Valid		
	Item 3	0,630	0,1816	Valid		
	Item 4	0,610	0,1816	Valid		

	Item 5	0,614	0,1816	Valid	0,800	Reliable
	Item 6	0,575	0,1816	Valid		
	Item 7	0,647	0,1816	Valid		
	Item 8	0,669	0,1816	Valid		
	Item 9	0,520	0,1816	Valid		
Labor CostsX2	Item 1	0,632	0,1816	Valid		
	Item 2	0,604	0,1816	Valid		
	Item 3	0,706	0,1816	Valid		
	Item 4	0,634	0,1816	Valid	0,703	Reliable
	Item 5	0,624	0,1816	Valid		
	Item 6	0,646	0,1816	Valid		
Marketing Costs X3	item 1	0,772	0,1816	Valid		
	Item 2	0,563	0,1816	Valid		
	Item 3	0,694	0,1816	Valid		
	Item 4	0,551	0,1816	Valid	0,736	Reliable
	Item 5	0,647	0,1816	Valid		
	Item 6	0,551	0,1816	Valid		
	Item 7	0,595	0,1816	Valid		
Income Y	Item 1	0,383	0,1816	Valid		
	Item 2	0,666	0,1816	Valid		
	Item 3	0,349	0,1816	Valid		
	Item 4	0,659	0,1816	Valid		
	Item 5	0,666	0,1816	Valid	0,705	Reliable
	Item 6	0,615	0,1816	Valid		
	Item 7	0,622	0,1816	Valid		
	Item 8	0,616	0,1816	Valid		
	Item 9	0,606	0,1816	Valid		

Source: Data processed, 2022

The validity test results in Table 2 show that all question items on the independent (x) and dependent (y) variables are valid. It can be seen from r count> from r table where r table in this study is 0.1816, so all question items in this study are valid. The results of reliability testing in this study are by looking at the Cronbach alpha value> from 0.06, so it can be concluded that the statement of each variable is showing a Cronbach alpha value greater than

0.60, so it can be concluded that the statement of each variable is reliable.

Table 6.Normality Test Results

N	Test Statistic Kolmogrov Smirnov	Sig (2 - Tailed
117	0,113	0,094

Source: Data processed, 2022

The normality test uses a statistical test, namely the Kolmogorov-Smirnov (KS) test, to determine whether the regression model is close to normal distribution or not. If the significance probability level is above 0.05, the variables are normally distributed. The normality test results obtained a Kolmogrov-Smirnov statistical test value of 0.113 with a significance level of 0.094 greater than 0.05. So, the data processed using Kolmogrov-Smirnov testing in the second equation is normal.

Table7.Multicollinearity Test Results

Variabel	*Tolerance*	*Variance inflation facor(VIF)*
Business Capital (X1)	0,962	1,040
Labor Costs (X2)	0,701	1,427
Marketing Costs (X3)	0,679	1,473

Source: Data processed, 2022

The multicollinearity test in this study looks at the tolerance value and Variance Inflation Factor (VIF). If the tolerance value> 0.10 and the VIF value < 10, then there is no correlation between the independent variables. The result obtained is that the tolerance value of each independent and moderation variable is greater than 0.10. The VIF value obtained from each variable is lower than 10, so it can be concluded that there is no correlation between variables in the regression model in this study.

Table 8.Heteroscesasticity Test Results

Model		t	Sig.
1	(Constant)	,037	,971
	Business Capital	,203	,841
	Labor Costs	-.878	,388
	Marketing Costs	,709	,485

Source: Data processed, 2022

The heteroscedasticity test in this study uses the Glejser test, namely by regressing the absolute value on the independent variable. The criteria for not having heteroscedasticity is to see a significant level greater than 5% or 0.05. The results of the heteroscedasticity test in the table show that all variables have a significant value of more than 0.05. So, the regression model is free from heteroscedasticity.

Table 9. Multiple Regression Analysis Test Results

Model	Koefisientidakterstandar		Koefisientersta ndar	T	Sig.
	B	Std. Error	Beta		
(Constant)	17,615	3,932		4,480	,000
Business Capital (X1)	,171	,081	,182	2,122	,036
Labor Costs (X2)	,150	,125	,120	1,200	,233
Marketing Costs (X3)	,311	,104	.304	2,989	,003

Source: Data processed, 2022

Discussions

The effect of business capital on the income of MSMEs in Sembalun District (X1)

Based on the results of data analysis obtained in this study, the significant value of 0.036 <0.05 and the results of the partial test (t) that has been carried out, namely the value of t count> t table (2.122> 1.980). The business capital variable affects the income of MSMEs in the Sembalun District, meaning that the higher the capital of MSMEs, the more income generated, and vice versa.

Capital is one factor affecting MSME income in every economic activity. Capital is important in establishing and expanding a business. The capital used by MSME actors in Sembalun is mostly their own and some loan capital.

In distributing questionnaire answers regarding business capital, many respondents said that business capital is vital in business activities. The existence of own and loan capital is essential in opening a business because with sufficient capital, the business will run, and vice versa. Higher capital can have the opportunity to get more significant income. Supported by research (Ernawati et al., 2019) and (Mahayasa et al., 2018) which state that business capital affects income.

The effect of labor costs on the income of MSMEs in Sembalun Subdistrict (X2)

The results of data analysis in this study found that the labor cost variable does not affect the income of MSMEs in Sembalun District. The significance value, which is 0.233 <0.05, and the results of the test (T) that has been carried out, namely the value of t count <t table (1.200 <1.980), meaning that this hypothesis is rejected and has no effect on income. The high and low labor costs incurred by entrepreneurs do not affect income and are supported by other factors, namely the use of family labor and the best system.

The factor that causes labor costs not to affect income is that most MSMEs in the Sembalun Sub-district still use family labor. Family labor has considerable potential in entrepreneurial activities, and the presence of family labor means that the costs that should be incurred as labor wages will be part of the business owner's income. The use of family labor is a cost contribution for MSME actors, so it will reduce the labor wage so that it has no effect on income.

Another factor that also causes no effect on labor costs is besiru. Besiru is a culture found in the Sasak community, especially in Sembalun District. The act of besiru, when

termed in Indonesian, is close to the act of cooperation or reciprocity so that no labor costs are incurred but mutual reciprocity. However, the difference is that besiru is carried out by the community to help other people's work using only makeshift resources or abilities, so all types of work are done together. Besiru can be said to be social solidarity. Thus, with this besiru system, MSME actors do not need to pay for labor.

Although respondents' perceptions of labor costs look high, they do not affect the MSMEs' income. The results of this study are in line with the research of Habriyanto et al. (2021), which states that labor costs have no effect on MSME income.

The effect of marketing costs on MSME income in Sembalun District (X3)

Based on the results of data analysis obtained in this study, the marketing cost variable affects MSME income in Sembalun District, indicating that the significance value is 0.003 <0.05. The t-test results, namely the value of t count> t table (2, 989> 1.980), show that the marketing cost variable affects MSME income in Sembalun District. The more MSME actors incur marketing costs, the more they will affect the income level.

Marketing costs are business activities designed to plan, promote, and distribute products properly and evenly. So that the wider community recognizes the products being offered and will make purchasing decisions, the MSMEs allocate marketing costs by the marketing function and provide advice in accordance with the products offered very attractively), so consumers will be interested in buying these products, so that the higher the income obtained by MSME actors.

The questionnaire answers regarding marketing costs were distributed, and many agreed that the marketing costs incurred could encourage sales results and increase the revenue generated. Marketing activities can introduce products to the public and vice versa. The study's results were supported by Meilinda & Mahmud (2020) and Indra & Abdullah (2015). The results showed that marketing costs had an effect on MSME revenue.

CONCLUSSIONS

Based on the research results that have been stated previously, conclusions can be drawn from researchers regarding the effect of business capital, labor costs, and marketing costs on MSME income in Sembalun District as follows: Business capital (X1) has an effect on the income of MSMEs in Sembalun sub-district, East Lombok district, this means that the higher the business capital owned by MSMEs, the more income obtained will increase and vice versa. Labor costs (X2) do not affect the income of MSMEs in the Sembalun sub-district, East Lombok district; this means that the high and low labor costs incurred by MSMEs cannot affect income. Marketing costs (X3) affect the income of MSMEs in the Sembalun sub-district of East Lombok Regency, meaning that the higher the marketing costs incurred by MSME players, the more recognized the product would be by the public it will affect the level of income.

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