Factors Affects The Income of Street Sellers in Kuta Alam

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ABSTRACT

This study aims to determine the effect of the variables of capital, age of business, and working hours on the income of street vendors in Kuta Alam. This type of research is quantitative research, namely research that aims to obtain evidence for the hypothesis; data collection through interviews and direct observation; the sample used is 20 respondents using random sampling technique; data analysis technique using multiple linear regression techniques. The results showed that when testing the partial regression coefficient = 5%, only capital among the three variables (capital, company age, and working hours) had a significant effect on the income of street vendors in Kuta Anan.

Keywords   : Age of Business; Capital; Income; Street Sellers; Working Hours.
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INTRODUCTION

Economic development does not depend only on industrialized development and government programs. However, this cannot be separated from the role of the informal sector as one of the influencing factors in economic development. During its development, the existence of the informal sector cannot be ignored in economic development.

In the history of the Indonesian economy, economic activity in the informal sector has great potential and has a role in securing employment by absorbing independent labor. Long before the economic crisis of the informal sector, the internal economic recession of 1998 only increased the number of workers working in the informal sector to meet the needs of certain social groups. Projects are implemented in strategic locations in an informal setting (Winardi, 2000).

According to Todaro (1998), the characteristics of the informal sector that produces goods and services on a small scale are very diverse, and the production units are promoted individually or in groups with high labor costs (intensive work) and the technology used is relatively simple. The workers often are have no formal education and often lack skills and working capital, so their productivity and income are usually lower than those of entrepreneurs in the formal sector. Like civil servants, wages are calculated on a monthly basis. The government intervenes in wages in the formal sector by setting provincial minimum wages; however, the income of informal workers is not subject to government intervention.

The prospects and changes of the informal sector that develops every year seem to be incompatible with the internal and external problems of the informal sector. This is still difficult and limited. At the same time, the external problems of the informal sector are very weak capital structure, limited sales of goods, low education level and insufficient human resources.

Although there is sufficient trading capacity, due to the limited capacity of traditional real estate management, additional debt capital is still relatively high, and information about the business world is very limited, so companies from the informal sector have fewer opportunities to grow into larger companies. The quantity and quality of the works are limited, and the nature of the goods sold is only limited by the demand for the goods. Therefore, the informal demand is

supported by the management of the company to increase the operating profit of the department.

Street sellers in the Kuta Alam area, Banda Aceh, sell various types of merchandise such as food, drinks, shoes and sandals, as well as clothing. The goal of street sellers in general is to get income. To earn income, street sellers must have capital to run a business. The capital used by the general street sellers is very little, therefore they generally use their own capital as well as borrowed capital. The loan capital provided by financial institutions is relatively small because their business is still small. Next, income is also related to working hours, where street sellers have time to trade in the morning until evening or just in the afternoon until evening, so that time is also an obstacle to maximizing income because street sellers only sell their wares at certain times.

To increase income, traders not only need capital to run their business, there are several other factors needed. Another important factor in running a business is how long it takes. The length of the street sellers business is also different. There are some street sellers who have only been running their business for 6 months, some have been running it for 3 years, and some have even been running their business for 5 years. From the interviews that have been conducted, most of the traders who have been trading for more than 3 years earn more than traders who have been trading for less than 3 years.

Based on the above background, the problem formulation of this study is: Whether capital, business hours and trading hours affect the income of street sellers in Kuta Alam Area. This study aims to find out from these three factors which one has more influence on the income of street sellers in Kuta Alam Area.

Literature Review
Income

Revenue is the amount of income earned in a given period of time by selling goods and services (Nickels, McHugh, & McHugh, 2016). Income refers to money received by individuals or companies in the form of salaries, rent, interest, profits (profits), etc., as well as unemployment benefits, pensions, etc.

According to Reksoprayinto (2004), income is the amount of income received by the community in return for services and products contributed within a certain period of time. To increase income, a family member can seek income from other sources. Experience in doing business can also have an effect on income levels, because someone who has good skills will have the desire to continue to increase his income (Mulyani, 2016).

Samuelson and Nordhaus (2003), say that income can be obtained from three sources, namely:
a. Salary and wages
   Rewards or rewards that are obtained after doing work for other people, private companies or government.
b. Income from wealth
   Income derived from own business. It is calculated by subtracting the total value of production with the costs incurred either in money or otherwise.
c. Income from other sources
   Income obtained without labor input includes government income, unemployment insurance, leased assets, bank interest and other forms of capital contributions, as well as company profits. Income level refers to the standard of living that a person or family enjoys based on income or other sources of revenue.

Capital

Capital is all varieties of wealth which will be used directly or indirectly to extend output within the production method. From an economic point of view, capital is goods or money including production factors such as land and labor to produce new goods and services. Capital or cost is an important factor to every business, whether the business is small, medium or large (Tambunan, 2002).

Capital is an input (a factor of production) that is incredibly necessary to deciding the extent of financial gain. In a business, capital problems have a very strong relationship with the success or failure of an

established business. Capital can be divided into two, fixed capital and current capital. Fixed capital Is capital that provides services for the production process for a long time and is not affected by the size of the amount of production. Current capital is capital to provide services only once in the production process, it can be in the form of raw materials and other needs to support the business.

Age of Business

The age of a business is the length of time a person engages in the effort undertaken. Business length can also be defined as the amount of time a trader has spent in running the business (Utami & Wibowo, 2013). The duration of a business can give rise to business experience and that experience can affect a person's observation of behavior (Sukirno, 2006). A person's skill in running a business can be seen by the length of time or duration of a person's work in doing another job. The longer a person works, the more experience he will have (Simanjuntak, 2001).

Entrepreneurs who take longer to do business will have a more mature and precise strategy in managing, producing and marketing their products. Because entrepreneurs who have high working hours in their business will have experience, knowledge and be able to make decisions in every condition. Entrepreneurs who have a high business duration will indirectly get broad connections that will be useful in marketing their products.

Working Hours

Working hours are the period of time used to run a business, starting from preparation until the business closes (Rosetyadi, 2012). The length of time each person works is different, this is due partly to economic reasons. The more hours of work done, the more productivity will be made and the income earned will increase.

According to Muryati (2015), the number of working hours has a significant influence to the income of sellers because the amount of working hours can increase the productivity value of traders, which means that there will be more opportunities for buyers to buy their merchandise.

Street Sellers

Street sellers are traders who do small businesses without a license and occupy the side of the road to trade. Street sellers are part of the informal sector that produce goods and services outside government control and are not registered (Evers & Korff, 2002).

So it can be concluded that street sellers are those who carry out business activities by using public facilities such as sidewalks, public roadside, storefronts and so on. Traders usually run their business using means that are easy to move, dismantle and install and use public facilities as their place of business.

Relationships Between Variables
Relationship of Capital to Income

Capital is one of the factors that have a great influence on high and low income. Capital is not the only factor that can increase income of the sellers (Suparmoko, 2003). The amount of capital used in the business will affect the income that will be earned by street sellers, for that traders must have sufficient capital.

Relationship of Age of Business to Income

The age of an endeavor can give rise to experience in endeavoring that will affect one's observations of behavior. The age of an age can affect income because the longer a business has been running, the more people who know their business.

Relationship of Working Hours to Income

The last factor that affects the income of street sellers is working hours. A person's working hours greatly determine work efficiency and productivity. Each trader has a different number of working hours from each other. This affects the level of income earned by each trader.

METHODS

This research is a descriptive research using random sampling method that is taking samples randomly. This research describes the influence of the dependent or free variables: capital (X1), length of business (X2), and working hours (X3) on the dependent variable, namely the income of street sellers (Y). The sample during this study consisted of twenty respondents. the info assortment technique utilized in this study is a direct interview with street sellers within the Kuta Alam area.

This data regression test is used to see the influence between independent variables which are capital (X1), age of business (X2), and working hours (X3) on the dependent variable, namely the income of street sellers in the Kuta Alam area (Y). this research used quantitative analysis technique, namely multiple regression to analize the data, it is due to this study using more than one variable with the following formulations:

$$Y = a + bX1 + b2X2 + b3X3 + b4X4 + e$$

Description:
Y = Revenue
a = Contant
X1 = Capital
X2 = Lama Usaha
X3 = Jam Kerja
e = error

RESULTS

TABEL 1. Result of Data Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.	
C	-1238025.	1212684	-1.020897	0.3225	
X1	1.405623	0.314926	4.463338	0.0004	
X2	22311.54	14515.08	1.537129	0.1438	
X3	-54273.29	165622.3	-0.327693	0.7474	
R-Squared	0.629115	Mean dependent var	3693000.		
Adjusted R-squared	0.559574	S.D. dependent var			1526855
S.E. of regression	1013291.	Akaike info criterion	30.67216		
Sum squared resid	1.64E+13	Schwarz critetion			
30.87131					
Log likelihood	-302.7216	Hannan-Quinn criter.	30.71104		
F-statistic	9.046687	Durbin-Watson stat	1.646859		
Prob (F-statistic)	0.000978				

Source: Eviews 2021 Output Result

DISCUSSION

Statistic test
T test

The t-test is a test of all regression coefficients one by one to work out the magnitude of the influence of every experimental variable on the dependent variable. The results of the t-statistics test are as follows:

1. The effect of capital on the income of street sellers in the Kuta Alam area. The estimation results show that capital (X1) has a t-statistic> t-table or (4.463338> 1.74588) using (α = 0.05%), indicating that H1 is accepted and H0 is rejected, it means that capital has a significant affect to the income of street sellers.

2. The influence of age of the business on the income of street sellers in the Kuta Alam area. The estimation results show that the age of the business (X2) has t-statistics <t-table or (1.537129 <1.74588) using (α = 0.05%), indicating that H1 is rejected and H0 is accepted, which means that age of business does not has a significant influence to the income of street sellers in Kuta Alam Area.

3. The influence of working hours on the income of street sellers in the Kuta Alam area. The estimation results show that working hours (X3) have a t-statistic <t-table or (-0.327693 <1.74588) using (α = 0.05%), indicating that H0 is rejected and

H1 is accepted, which means that there is no significant effect of the variables. Age

of the business on the income of street sellers in the Kuta Alam area.

F test

The F-test is used to show whether or not the independent variables affect the dependent variable as a whole. If the value of the F statistic is greater than Table F, the independent variables affect the dependent variable. From the results, the value of F-statistic is greater than the F-table or 9.046687 > 3.20, which means that the independent variables, namely capital, age of the business and working hours are influence the income of street sellers in Kuta Alam.

R-Squared

If the R-square result obtained is greater than 50% or 0.5, it means that all independent variables have an influence on the dependent variable. Based on the R-square results obtained, namely 0.629115, From this it can be concluded that all independent variables, namely capital, age of business and working hours, can explain the dependent variable, since the R-squared results obtained are greater than 50% or 0.50.

Effect Validity Test

Based on the results of the e-views, the following conclusions can be drawn:
  a) Capital with a probability value of 0.0004 < 0.05, it can be concluded that capital has a significant impact on the income of street sellers in the Kuta Alam area.
  b) Age of business with a probability value of 0.1438 < 0.05, it can be concluded that the age of business does not have a significant impact on the income of street sellers in the Kuta Alam area.
  c) Working hours with a probability value of 0.7474 < 0.05, it can be concluded that working hours does not have a significant impact on the income of street sellers in the Kuta Alam area.

CONCLUSSION

Based on the results of research on Factors That Affects The Income of Street Sellers in Kuta Alam Area in 2021 the following conclusions can be drawn:

1. The results of the t-test show that the following variables have significant and insignificant effects on the income of sellers:
   a. Capital has a positive and significant impact on the income of street sellers at α = 0.05.
   b. Age of business has no significant impact on the income of street sellers at α = 0.05.
   c. Working hours did not have a significant effect on the income of street sellers at α = 0.05.

2. The results of the F test, together with the independent variables capital, age of business, and working hours (α = 0.05), have a significant impact on the income of street sellers.

3. The value of R-square is 0.629115, which means that 62.91% of the variation in the income variable of street sellers can be explained by the independent variables, namely capital, age of business and working hours. While the remaining 37.09% is explained by other independent variables which are not included in the model.

The results of this research are expected to become a reference for the Banda Aceh city government, to maximize the management of the business potential of street sellers in the Kuta Alam area.

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