



The effect of empowering micro, small and medium enterprises on community economic development in Deli Tua district, Deli Serdang district

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ABSTRACT

The Effect of Empowerment of Micro, Small and Medium Enterprises (MSMEs) on Economic Development in Deli Tua District, Deliserdang Regency (By: Netarius Ndruru) (Supervisors: Dr. Mananda Situmorang, Drs., M.Si and Nurul Dalimunte, S.Sos., M. Si). This study aims to determine how much influence the empowerment of MSMEs has on economic development in Deli Tua District and to determine the extent to which MSME empowerment is carried out in supporting economic development in Deli Tua District. The research method used in this thesis is a quantitative method. The data collection techniques include primary data collection, namely the method of observation, interviews and questionnaires. Then with secondary data collection techniques, namely the library and field studies. To determine the effect of empowering micro, small and medium enterprises on economic development in Deli Tua District, the author uses the product moment correlation coefficient formula. Meanwhile, to test the significant level between the independent variable and the dependent variable, in this case the author uses the t test formula. The results showed that the effect of empowering micro, small and medium enterprises on economic development in Deli Tua District had a strong effect, with a value of $r_{xy} = 0.687$. Meanwhile, from the results of the significant level test, it is concluded that there is a positive and significant influence between the empowerment of micro, small and medium enterprises on economic development, with a value of $t = 7.389$.

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INTRODUCTION

Developments in the era of globalization depend heavily on the economic sector as a measure of success by the government. In realizing this success, community empowerment is needed in national development, especially in economic development (et al., 2019). According to Sumodiningrat (1999) in Mardikanto, et al (2019: 52) community empowerment is an effort to make the community self-

sufficient through the realization of their potential abilities. As for community empowerment, it always involves two interrelated groups, namely the community as the empowered party and the concerned party as the empowering party (Sany, 2019)(Risky Pusut, Marthen Kimbal, 2017). The community empowerment process is directed at developing human resources and creating business opportunities that are in accordance with the wishes of the community.

The community determines the type of business and regional conditions which in turn can create institutions and service systems from, by, and for the local community (Mahmudah, 2018). This community empowerment effort then turns to empower the people's economy. Talking about empowering the people's economy, this can be realized through empowering the people's economy. One of them is Micro, Small, and Medium Enterprises (MSMEs). Micro, Small, and Medium Enterprises (MSMEs) are productive business opportunities owned by individuals or business entities that meet the criteria for micro-enterprises as stipulated in Law no. 20 of 2008. Small business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branch companies that are owned, controlled, or become part either directly or indirectly of medium or large businesses. that meet the criteria for small businesses as stipulated in the law (Karinayah, 2012:1).

In the development of MSMEs in Indonesia, this type of business is indeed very strong and resilient to even economic crises. Therefore we need to develop it, in this case, the government is responsible and has a big role in the development of small and medium enterprises in Indonesia. The government needs to create conditions for a conducive business climate in the form of tax breaks, ease of licensing, partnership and training development, and coaching for entrepreneurs needs to be done. According to Kartasmita (1996) in Mardikanto, *et al* (2019:53) empowerment is an effort to build power itself, by encouraging, motivating, and raising awareness of its potential and seeking to develop it. Furthermore, these efforts are followed by strengthening the potential or power possessed by the community itself.

Talking about economic development, one aspect that needs attention is the ability to utilize resources, both human resources and natural resources as well as possible. The capacity and readiness of existing resources will largely determine the ability to allocate and utilize these resources. According to Arsyad (2020:11), economic development is a process that causes an increase in the real per capita income of a country's population in the long term, accompanied by improvements in the institutional system. The manifestation of development is growth and change for the better.

Development was originally used in the sense of community economic growth because a community would be considered successful in carrying out development if the community's economic growth experienced increases and changes.

Based on the observations of researchers in Delitua District, MSME activities are still relatively ineffective in the economic development of the community due to a lack of Human Resources (HR) ability in utilizing natural resources and also other problems such as 1). Lack of venture capital, 2). Lack of knowledge about how to develop a business, most MSME owners do not have enough knowledge about how to develop a business, 3). There is no product innovation. 4). Lack of understanding of digital marketing, some MSME actors do not market their products online. As a result, product competitiveness is less and causes a lack of buyers. In order for these micro, small, and medium enterprises to run well, it is necessary to empower MSMEs so that they will assist in the growth and development of the community's. economy.

MSME empowerment needs to be directed at productivity and competitiveness efforts and systematically directed at efforts to foster new entrepreneurs in sectors that have high productivity based on technological knowledge and local resources. This empowerment will be successful if there is cooperation between government agencies, MSME actors, and related sectors who are willing and concerned about community economic development. Based on the background description above, the authors are interested in conducting research with the title "The Effect of Empowering Micro,

Small, and Medium Enterprises on Community Economic Development in Delitua District, Deli Serdang Regency.

RESEARCH METHOD

To facilitate understanding of the research, the research location was determined, namely: Deli Tua District Head Office, Deli Serdang Regency. Two variables that are very influential, the two variables are Independent variable (X); UMKM Empowerment, Dependent Variable (Y) Economic Development.

According to Sugiyono (2019:1), the research method is basically a scientific way to obtain data with specific purposes and uses. Based on this, there are four keywords that need attention, namely the scientific method, data, purpose, and usability. The method used in this research uses quantitative methods. The quantitative method is research that is used to compile data, classify, analyze, and interpret data so that it becomes an analysis conclusion.

Population and Sample, according to Sugiyono (2019: 90) population is a generalized area consisting of objects/subjects that have certain qualities and characteristics set by researchers to study and then draw conclusions.

Based on the explanation above, the population in this study was 3 PMD officers and 169 MSME actors. So the total population in this study was 172.

Based on the Slovin formula in Noor (2019: 158), the samples in this study were = 63.23. Then rounded up to 63 respondents, so it can be concluded that the number of samples in this study was 63 respondents with an error level of 10%. Data analysis technique according to Sugiyono (2014: 169) in quantitative research, data analysis is an activity after data from all respondents or other data sources are collected.

Data analysis activities are: grouping data based on variables and types of respondents, tabulating data based on variables from all respondents, presenting data for each variable studied, performing calculations to answer the problem formulation, and performing calculations to test the hypotheses that have been proposed. To collect and classify the necessary data, the authors use data analysis techniques as follows: Product Moment Correlation

To find out the relationship between the independent variable (X) and the dependent variable (Y), the author uses the product moment correlation formula cited by Sugiyono (2019: 183), as follows:

$$r_{xy} = \frac{N \sum XY - (\sum X)(\sum Y)}{\sqrt{\{N \sum X^2 - (\sum X)^2\} \{N \sum Y^2 - (\sum Y)^2\}}} \quad (1)$$

With the following formula description:

- r_{xy} : Variable correlation coefficient value and Y
- X : MSME Empowerment
- Y : Economic Development
- N : Number of samples x^2
- x^2 : Independent variable that has been squared
- Y^2 : Dependent variable that has been squared

Significance Test

$$t = \frac{r \sqrt{n - 2}}{\sqrt{1 - r^2}} \quad (2)$$

Explanation :

- t : Relationship between variables

r : Correlation coefficient value

n : Number of samples

RESULTS AND DISCUSSIONS

Table 1. Characteristics of respondents based on gender

No.	Gender	Number of people	Percentage (%)
1	Male	18	28.57%
2	Female	45	71.43%
Total		63	100%

Source: Data Processed from Research Questionnaire Results, 2022

Based on the table above, it can be seen that 45 female respondents (71.43%) dominated MSMEs in Deli Tua District more than 18 male respondents (28.57%).

Table 2. Characteristics of respondents by education level

No.	Level of education	Number of people	Percentage (%)
1	S2	1	1.59%
2	S1	8	12.70%
3	SMA	24	38.10%
4	SMP	18	28.57%
5	SD	12	19.05%
Total		63	100%

Source: Data Processed from Research Questionnaire Results, 2022

From the table above, it shows that respondents based on education level in Deli Tua District consisted of 1 Master's degree (1.59%), 8 bachelor's Degrees (12.70%), 24 Senior High School students (38.10%), SMP as many as 18 people (28.57%), and SD as many as 12 people (19.05%).

Table 3. Characteristics of respondents based on age level

No.	Information	Number of people	Percentage (%)
1	20-30	10	15.87%
2	31-40	16	25.40%
3	41-50	23	36.51%
4	>51	14	22.22%
Total		63	100%

Source: Data Processed from Research Questionnaire Results, 2022

From the table above, it shows that respondents based on age in Deli Tua District are MSME actors aged 20-30 totaling 10 people (15.87%), Aged 31-40 years totaling 16 0 people (25.40%), Aged 41-50 years totaling 23 people (36.51%) and aged > 51 years totaling 14 people (22.22%).Independent Variable Test Results (X)

Respondent's answers to the independent variable (X) MSME Empowerment are as follows:

$$\frac{f_{xi}}{n} = \frac{5746}{63} = 91,20$$

Based on the calculation above, the average respondent's answer to the independent variable (X) Empowerment of MSMEs is 91.20. This figure belongs to the numbers 84 to 100, namely the very high category, meaning that the MSME Empowerment that took place in Deli Tua District was well received.

It is known that the average respondent's answer to the independent variable (X) MSME Empowerment is 4.55 which is classified as a very high category, meaning that MSME Empowerment that has been and is being carried out in Deli Tua District, Deli Serdang Regency is categorized as good classification.

Dependent Variable Test Results (Y)

Respondents' answers to the dependent variable (Y) Economic Development are as follows:

$$\frac{f_{xi}}{n} = \frac{5921}{63} = 93,98$$

Based on the calculation above, it can be seen that the average respondent's answer to the dependent variable (Y) Economic development is: 93.98 this number belongs to the number 84 to 100, namely the very high category. This means that the Economic Development in Deli Tua District is well implemented. It is known that the average respondent's answer to the dependent variable (Y) Economic Development is: 4.69 which is in the very high category, meaning that the Economic Development carried out in Deli Tua District, Deli Serdang Regency, is categorized as good.

Product Moment Correlation Test. Based on the results of the correlation coefficient between variables X and Y, it can be seen that the category level of the independent variable (X) and the dependent variable (Y) is at the strong category level. This is evident in the product moment calculation results which are between 0.60-0.799, namely 0.687 which indicates a strong interpretation. If the r_{xy} correlation coefficient is compressed in the product moment critical table (n-63) with a df of 5%, there is a figure that is close to that, namely r_{table} 0.244 where $r_{xy} > r_{table}$ is $0.687 > 0.244$. This means that the research hypothesis is accepted.

Significant Test of Correlation Coefficient Based on the calculation of the t-test, as seen, it can be obtained that the value of $t_{count} = 7.389$ when compared with the critical number that can be obtained in the t table with (df) 5%, there is a number of 1.669 where $t_{count} > t_{table}$, namely $7.389 > 1.669$, meaning that the research results have an influence. The influence of the independent variable (X) MSME empowerment on the dependent variable (Y) Economic Development in Deli Tua District has a strong level of influence.

This means that the MSME empowerment carried out by the Deli Tua District government is carried out quite well, such as training and development carried out by the government, assisting the community in obtaining business permits, helping the community register their businesses in order to receive assistance programs from the government, organizing food bazaars. that can be used by the public to promote their products. There is good service to the community regarding MSME information and following up on complaints from the public. The increase that occurred was also due to the large number of respondents who were willing and working together to be empowered, and follow the provisions that had been made and mutually agreed upon. So that the goals that have been set before are achieved.

CONCLUSION

The dimension of the business world has a strong influence on capital accumulation in Deli Tua District. This means that there are efforts made by the Deli Tua District government by providing training to the community in managing business capital and following up on all community complaints about SMEs so that business activities run well. Convincing the community of the positive impact of the business being carried out and enabling the community to have the convenience of running a business and other applicable provisions.

The government's dimension of technological progress has a strong influence. This means that there are empowerment activities carried out by the government for the community, such as socialization of the use of social media to promote community merchandise or business products so

that they have broad access that community sales can increase. Provide feedback on community complaints and provide adequate facilities in terms of supporting the implementation of the objectives to be achieved.

The Community Dimension on political and administrative factors has a strong influence, meaning that there are efforts made by the government such as social interaction, establishing good relations and communication, and facilitating the community in developing their business and managing administrative activities in terms of supporting the implementation of the goals to be achieved.

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