

Analysis of Micro, Small and Medium Enterprises Factors Affecting Income in the Batang Hari Regency, Jambi Province

Martius, Syamsurijal Tan, Erfit, Zamzami
Faculty of Economics and Business, Universitas Jambi, Indonesia
Email address: junaidichaniago @ gmail.com

Abstract— The purpose of this study was to determine the effect of working capital, number of workers, labor wages and asset value on the income of Micro, Small and Medium Enterprises (MSMEs) in Batang Hari Regency. This research method is in the form of a survey. The analytical tool used is Multiple Regression Analysis with the OLS Transformation Method through the Cobb-Douglass function, the F test and t test and SWOT analysis. Sampling of 257 MSME actors was carried out by purposive sampling in eight districts in Batang Hari Regency, with a research instrument in the form of a questionnaire. Respondents were drawn randomly (randomly) from three types of MSMEs, including processed wood business, small food industry, and tile brick business.

The results showed that together it gave a very significant effect on the four research variables, namely working capital, number of workers, labor wages and asset value on the income of MSMEs in Batanghari Regency with a significance value ($0.000 < 0.05$). Partially, the variables of working capital, labor wages, asset value have a significant and significant effect on MSME income, while the number of workers has no and insignificant effect on MSME income. The results of the SWOT analysis matrix show that MSMEs in Batanghari Regency are in the Strength Opportunity (SO) strategy with a value (1.12: 0.68) and the IFAS matrix results are 3.69 and the EFAS value is 3.11. So the SWOT analysis that is applied in increasing the competitiveness of MSMEs in Batanghari Regency is in cell number one (growth), which is a situation where MSMEs experience a period of growth, both in sales, asset profits, or a combination of the three.

Keywords—Asset Value, Capital, Income, Labor, Wages.

I. INTRODUCTION

The activities of the Micro, Small and Medium Enterprises (MSME) industry in Batanghari Regency are one of the sectors that are driving the economic growth of society in the current era. Industrial activities are economic activities that aim to improve people's welfare. Batanghari Regency is a potential area to develop MSME. Starting from the food industry, tile bricks and processed wood industries, the community develops the industry like a community, where in one sub-district the community produces the same types of products. So that each region becomes the center for MSME producing certain types of products. Almost every sub-district in Batanghari Regency has an MSME center, some even have more than one MSME center.

The processing industry sector is a sector that has a very large contribution to the absorption of labor (Fauzi, Amir, Junaidi and Hidayat, 2019). The existence of a small tile brick industry, processed wood business and the food industry (meatball traders, fried food sales, restaurants) are able to absorb a large enough workforce and are able to increase the economy of the community includes reducing the poverty rate of families in Batanghari Regency. The existence of small industrial centers of MSME has had many impacts on improving economic welfare, especially MSME owners and employees (Yulmardi, Amir, Junaidi, 2020)

In measuring the economic conditions of MSME actors, one of the main concepts most often used is the level of income. Income can show all money or all other material that can be achieved from the use of wealth received by a person or certain MSME actors (Winarso, 2018). The main purpose of holding a business is to earn income, where the income can

be used to meet the necessities of life and the survival of the trading business. Income received is in the form of money, where money is a means of payment or means of exchange (Samuelson, 2004).

In this study, MSME income as a variable that is influenced by working capital, total labor, labor wages and asset value is all income in the form of money, direct or indirect goods received by someone as a reward for services provided to the company or place work. Income is a very important element in a trading business, because in doing a business, of course you want to know the value or amount of income earned while doing the business. In an economic sense, income is remuneration for the use of production factors owned by the household sector and the business sector, which can be in the form of salaries/ wages, rent, interest and profit/ profit.

Based on the research data carried out, it is obtained that the amount of income and assets of MSMEs per district in Batanghari Regency is shown in table 1 below:

Table 1. Total MSME Asset and Turnover per District in Batanghari Regency in 2019

No	District	MSME (Unit)	Total	
			Asset (Rp)	Omzet (Rp)
1	Muara Bulian	386	46,089,064,301	155,406,183,500
2	Pemayang	188	33,077,969,840	75,739,185,000
3	Tembesi	174	31,383,790,000	57,277,408,475
4	Batin XXIV	61	5,641,100,000	14,347,960,000
5	Bajubang	160	24,630,300,000	45,220,350,000
6	Mersam	75	18,179,400,000	47,600,670,000
7	Maro Sebo Ilir	75	8,539,078,000	12,785,070,000
8	Maro Sebo Ulu	77	8,191,185,000	23,737,858,618
		1,196	175,431,787,141	432,114,685,593

Source: Disperindagkop Batanghari Regency 2019

Informal business income can be increased if it is supported by working capital, number of workers, labor wages and asset value. Capital is a basis for building a business and is generally an obstacle. A business will need capital on an ongoing basis because to start a business requires spending a certain amount of money as initial capital. These expenses are used to purchase raw and auxiliary materials, tools and production facilities as well as other operational expenses. Through the goods purchased, the company can produce a number of outputs which can then be sold to get some money back on capital and profits. Part of this profit is used partly to increase capital in order to generate added value for a product. In developing a business that connects the tools, materials and services used in production to obtain sales results.

Labor is a very important determinant of income and is considered in the production process and in sufficient quantities, not only in terms of availability, but quality and kinds. Each production process must be provided with adequate manpower, the amount of labor used must be adjusted to the needs to a certain level so that it is optimal. If the assumption of an increased wage rate is used, it will increase the company's production costs, then it will also increase the price per unit of goods produced. If the wage rate rises, assuming the prices of other capital goods do not change, there are entrepreneurs who prefer to use capital-intensive technology for their production processes and replace the need for labor with the need for capital goods such as machinery and others.

The wage rate is the main factor affecting the absorption of labor and the income of MSMEs. Without wages, there will be no understanding of the work relationship between workers and MSME actors. So that in an organization or MSME actors, wages are very important. Wages have a huge influence on the workforce in carrying out their duties and guarantee the survival of themselves and their families. An increase in the wage rate will increase the company's production costs which in turn will cause an increase in prices. The increase in prices causes reduced buyers, reduced production and ultimately reduced demand for labor or is called the scale effect. If the wage rate rises, employers prefer to replace labor with capital-intensive technology so that the demand for labor decreases (Kristiningsih, et al. 2015.)

Another factor that has a dominant influence is the increase in assets, which generally causes operating profits to increase, but this depends on the company's ability to carry out cost efficiency, as well as the ability to operate and manage available assets (Winarko, 2014). Asset is an asset used for the operational activities of MSME actors. The bigger the assets, it is expected that the greater the operational results generated by the MSME players. An increase in assets followed by an increase in operating results will further increase the confidence of outsiders in MSME actors. Assets are often referred to as "the earning assets" (assets that actually generate income for MSME players) because these fixed assets provide the basis for the "earning power" of MSME players. In this case, do not mean that current assets in MSME actors are not important, because after all these current assets are very much

needed in the production and sales processes generated by fixed assets.

The objectives to be achieved in this study are to determine the effect of business capital, the number of workers, labor wages and asset value on the income of MSMEs in Batanghari Regency, Jambi Province and the strategy of developing MSMEs.

Theoretical Basis

The definition of industry according to Nicholson (2002), the production possibility frontier is a graphic illustration of technical efficiency which shows all combinations of two goods that can be produced with a number of resources available in the economy. Meanwhile, the Central Statistics Agency (2008) the industry broad understanding is that industry includes all businesses and activities in the productive economy. Whereas the narrow definition, namely Industry, is only covering the processing industry, namely an economic activity which carries out activities to change a basic product mechanically, chemically, or by hand so that it becomes semi-finished goods and / or finished goods, then goods of less value become goods with more value and value its nature is more to the end use.

According to the Law of the Republic of Indonesia Number 20 of 2008 concerning MSMEs, namely Micro Enterprises are productive businesses owned by individuals or individual business entities. Small Business is a productive economic business that stands alone, carried out by individuals or business entities that are not subsidiaries or not a branch of a company that is owned, controlled or part of, either directly or indirectly, from a medium or large business. Micro and Medium Enterprises are productive economic enterprises that are independent, carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled or become part of, either directly or indirectly, from medium or large businesses.

Sawir (2005) defines working capital as the total current assets owned by the company, or it can also be funds that must be available to finance the company's day-to-day operations. While Kristiningsih, et al. (2015) states that in starting a business, capital is an important factor in addition to other factors, so that a business may not run if there is no capital. This means that a business will never exist or cannot run without capital. This illustrates that capital is the main and determining factor of a business activity. Therefore, every person who will carry out business activities, the main step he will take is to think about and seek capital for his business.

The definition of labor according to Sugiyanto and Musoli (2017) is anyone who is able to do work both within and outside of a work relationship in order to produce goods or services to meet the needs of society. In this connection, workforce development is an increase in the effectiveness of the workforce to do work.

According to Retnari and Irfan (2016) Wage is an acceptance as a reward from an employer to a work recipient for a job / service that has been or will be done, stated or valued in the form of money determined according to an

agreement or work agreement between the employer. with the recipient of work.

Wala (2018) states that assets are assets used for the company's operational activities. The larger the assets, it is expected that the greater the operational results generated by the company. An increase in assets followed by an increase in operating results will further increase the confidence of outsiders in the company. With an increase in the confidence of outsiders (creditors) in the company, the proportion of debt is greater than the equity itself.

According to Ida, et al (2015) explains that the definition of income is as follows: Revenue can be generally defined as the result of a company. Income is the lifeblood of a company. Given its importance, it is very difficult to define income as an accounting element in itself. Basically income is an increase in profit. Such as income, income is the process of creating goods or services by a company during a certain period of time. Generally, income is expressed in monetary units (money).

Previous Research

Research by Putri, et al. (2016) aims to determine the performance improvement of Micro, Small and Medium Enterprises (MSMEs) after obtaining financial credit support, knowing the right strategic planning in developing MSMEs and knowing the priority development strategies of MSMEs in XYZ Regency. The results showed that there was a significant increase in sales and business profits after obtaining financial credit support, but the increase in the number of employees was not significant after receiving financial credit support. The development strategy that can be applied in XYZ Regency is market penetration and product development. There are three priority development strategies that can be applied to MSMEs in XYZ Regency, namely making product innovations, maintaining product quality, and improving MSME development facilities and infrastructure.

Research by Fina, et al. (2017) aims to explain the effect of social capital, entrepreneurship orientation on business strategy and performance of micro, small and medium enterprises (MSMEs): a study in North Central Timor. The population in this study was 143 units of MSME and a sample of 40 units of SME furniture processing industry players and the weaving processing industry. The results of this study indicate that social capital and entrepreneurial orientation have a significant effect on the business strategy and performance of MSMEs.

Research by Rita, et al. (2019) aims to provide a solution for the method of selecting product development strategies based on competitive advantage criteria which include Quality, Cost, Delivery, Service, and Morale (QCDSM). The research was conducted in Micro, Small, and Medium Enterprises (MSMEs) of woven fabrics whose data collection used a questionnaire to customers. The results showed that SMEs of woven fabrics should replace plastic materials with recycled materials, ensure the raw materials do not contain hazardous and toxic materials, choose dyes that do not contain hazardous and toxic composition and size, and use domestic raw materials. Furthermore, Junaidi, Yulmardi and Hardiani's

research on food crops-based and horticulture-based villages potential as growth center villages in Jambi Province, Indonesia found that nearly half (46.17 percent) of food crops-based and horticulture-based villages already have non-agricultural MSME industries as the basis to be developed as growth center villages.

II. RESEARCH METHODS

This research was conducted on three types of Micro, Small and Medium Enterprises in Batanghari District, Jambi Province, namely tile brick business, processed wood business and small food industry. The data used in this study are primary data through interviews and questionnaires. The population of this study were all business actors or MSME business owners in Batanghari Regency as many as 722 MSMEs. The number of samples is 257 with the slovin formula and samples per area taken by the Proportionate Stratified Random Sampling method, used in populations that have a stratified or multi-layered arrangement with details of roof tile business as many as 104 samples, processed wood business as many as 66 samples and small industries. There were 87 food samples.

Descriptive analysis method is used to describe or describe the data that has been collected as it is without intending to make conclusions that are intended to be generalized or generalized (Sugiyono, 2010). Quantitative analysis with the regression method used for the Cobb-Dougllass function is Ordinary Least Square (OLS) where the data to be processed is the Cobb-Dougllass function from the cross sectional data obtained and examined from a number of individuals (respondents). By using is Multiple Regression Analysis which is transformed into Cobb-Dougllass function in the form of natural logarithmic equation (Ln).

Classical Assumption Test in this study, we will use the normality test, multicollinearity test and heteroscedasticity test and to test the hypothesis the determination coefficient test (R²), simultaneous test (F test), individual test (t test) and SWOT analysis are used to analyze the MSME strategy.

III. DISCUSSION OF RESEARCH RESULTS

Multiple Regression Results

Based on statistical calculations, we get a constant (α) and a coefficient (Capital, Labor, Wages and Asset Value). The results of data processing are shown in table 2 as follows:

Table 2. Regression Coefficient Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.846	.801		3.551	.000
Capital	.315	.020	.372	16.008	.000
Labor	-.014	.058	-.015	-.249	.804
Wages	.467	.050	.570	9.342	.000
Asset Value	.117	.023	.131	5.149	.000

Source: Primary data, processed in 2020

$$\ln Y = 2.846 + 0.315 \ln C - 0.014 \ln L + 0.467 \ln W + 0.117 \ln AV$$

(0.000) (0.804) (0.000) (0.000)

1. A constant value of 2,846 means that if the independent variables, namely working capital (C), number of workers (L), labor wages (W) and asset value (AV) do not change or are constant, then the MSME income of Batanghari Regency, Jambi Province remains at 2.84%.
2. The working capital regression coefficient (C) of 0.31 states that every 1% increase in the natural logarithm variable of working capital, the income of MSMEs in Batang Hari Regency, Jambi Province will increase by 0.31%.
3. The regression coefficient of the number of workers (L) of -0.01 states that every time there is a decrease in the natural logarithmic variable of the number of workers by 1%, the income of MSMEs in Batang Hari Regency, Jambi Province will decrease by -0.01%.
4. Labor Wage Regression Coefficient (W) of 0.46 states that every 1% increase in the natural logarithm variable of labor wages, the income of MSMEs in Batang Hari Regency, Jambi Province will increase by 0.46%.
5. Asset Value (AV) regression coefficient of 0.11 states that every increase in the natural logarithm variable of asset value by 1%, the income of MSMEs in Batang Hari Regency, Jambi Province will increase by 0.11%.

Determination Coefficient Test (R2)

Based on the results of testing using SPSS Statistics 21.0 for Windows, the coefficient of determination is obtained as shown in table 3 below:

Table 3. Coefficient of Determination (R2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.972 ^a	.945	.944	.1214774

Source: Primary data, processed in 2020

From table 3 above, it can be explained that the independent variables, namely working capital, total labor, worker wages and asset value, are able to explain the dependent variable, namely MSME income is 0.945 or 94.5% while the remaining 5.5% is explained by other variables which are not researched.

F test

Based on the results of the F test using SPSS Statistics 21.0 for Windows as shown in table 4 below:

Table 4. Overall Significance Test of Independent Variables

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	64.304	4	16.076	1089.397	.000^b
Residual	3.719	252	.015		
Total	68.023	256			

Source: Primary data, processed in 2020

From the table above, it can be explained that with a significance value (0.000 < 0.05) the conclusion is that business capital, total labor, worker wages and asset value together have a positive and significant effect on MSME income in Batang Hari Regency, Jambi Province.

T-test

Based on the results of the t test at an error level of $\alpha = 0.05$ using SPSS Statistics 21.0 for Windows as shown in table 8 below:

Table 5. Testing the Significance of Partial Regression Coefficient

Regresi	t	Sig.	Explanation
Capital	16.008	.000	Significant
Labor	-.249	.804	Not significant
Wages	9.342	.000	Significant
Asset Value	5.149	.000	Significant

Source: Primary data, processed in 2020

From the t test analysis table above, it can be concluded as follows:

1. Working capital has a positive and significant impact on the income of MSMEs in Batang Hari Regency. In accordance with the predetermined hypothesis that working capital has a positive and significant effect on the income of MSMEs in Batang Hari Regency, it is proven. This result is in line with previous research which is used as a reference, namely research conducted by Komang and Kartika (2018) and Saraswathi et al. (2016) which states that this means that the higher the capital, the higher the income of MSME players in Batanghari Regency. Vice versa, the lower the capital, the lower the income earned by MSMEs in Batanghari Regency.
2. The number of workers does not have a significant effect on the income of MSMEs in Batang Hari Regency. In accordance with the predetermined hypothesis that the number of workers has a significant influence on the income of MSMEs in Batang Hari Regency is not proven. This result is in line with previous research conducted by Dwi, et al. (2014) and Sayekti (2011) which states that increased economic growth will lead to an increase in the number of workers absorbed to work in various sectors. Increased economic growth must also be accompanied by an increase in the number of job opportunities. The increase in the number of jobs will cause an increase in the number of workers absorbed in these jobs. To provide employment and business fields, a number of budgets are needed, both from within the country and from abroad.
3. Wages of workers, have a significant influence on the development of MSME income. In accordance with the predetermined hypothesis that labor wages have a positive and significant effect on the income of MSMEs in Batang Hari Regency is proven. This result is in line with previous research conducted by Murniati, et al. 2018 and Julianto, et al. (2016) state that providing minimum wages to workers is above average with evidence showing that paying high wages will benefit the company, workers who work in these places feel motivated to work and increase company productivity. so that company profits increase. Accompanied by an increase in company profits, the company's investment will also increase.
4. Asset Value has a positive and significant effect on MSME Income in Batang Hari Regency. In accordance with the predetermined hypothesis that asset value has a positive and significant effect on the income of MSMEs in Batang Hari Regency is proven. These results are in line with previous research conducted by Triani, et al. (2018) and Saraswathi et al (2016) which states that sset growth has a positive effect on profitability because increased asset growth can affect profitability through assets owned so that it affects company productivity and efficiency. Which in turn has an effect on profitability. The faster the growth of the company, the higher

the company's ability to generate profits, this means that the assessment of the profitability ratio is also high.

SWOT Analysis of MSME Development in Batanghari Regency

Research shows that the performance of MSME actors can be determined by a combination of internal factors of Strength and Weaknesses as well as external factors of Opportunities and Threats. These two factors must be considered in a SWOT analysis that compares the external factors of opportunities and threats with internal factors of Strengths and Weaknesses.

The SWOT analysis is presented in table 6 below:

Strength		Weakness	
<ul style="list-style-type: none"> Support from the Batang Hari District Government Very diverse types of products (tile brick business, processed wood business and small food industry). Ease of starting a business with unlimited capital (no minimum limit) MSMEs are not affected by foreign currency fluctuations because they still use local raw materials from within the country Availability of raw materials that are easily available Prices are relatively affordable for all groups 	<ul style="list-style-type: none"> Low motivation to increase business levels Low commitment, ability, and quality of coaching Less competitive product quality Low quality of human resources, such as lack of marketing knowledge, accounting knowledge, low productivity so that competitiveness is low. Limited use of information technology (such as the internet), resulting in limited market reach and low business efficiency. Minimal network to market products 	<ul style="list-style-type: none"> Technological developments, especially E-Commerce, which have entered small industries. Competition in the MSME business in Batang Hari Regency is getting tougher with the emergence of many new innovations supported by technology. Low consumer confidence in MSME players due to a lack of commitment to upholding business ethics. Weaknesses in regulation and law enforcement are increasingly being pushed MSMEs by large businesses that are aggressively entering business areas that should be designated for MSMEs. The low quality commitment of MSME actors in Batang Hari Regency causes low consumer confidence in the quality and reliability of MSMEs in Batang Hari Regency. 	<ul style="list-style-type: none"> The more rapid economic cooperation between countries, especially in the ASEAN context. Domestic market potential that continues to grow, in line with the development of the population. Increased awareness, commitment, and partisanship of the government, the business world, and society regarding the importance of MSMEs in the economy. Availability of human resources in the workforce in large numbers who are still productively used. The development of information and communication technology, which greatly supports the dynamism of business activities, and also supports the ability to quickly access market.
Threat		Opportunity	
<ul style="list-style-type: none"> Technological developments, especially E-Commerce, which have entered small industries. Competition in the MSME business in Batang Hari Regency is getting tougher with the emergence of many new innovations supported by technology. Low consumer confidence in MSME players due to a lack of commitment to upholding business ethics. Weaknesses in regulation and law enforcement are increasingly being pushed MSMEs by large businesses that are aggressively entering business areas that should be designated for MSMEs. The low quality commitment of MSME actors in Batang Hari Regency causes low consumer confidence in the quality and reliability of MSMEs in Batang Hari Regency. 	<ul style="list-style-type: none"> The more rapid economic cooperation between countries, especially in the ASEAN context. Domestic market potential that continues to grow, in line with the development of the population. Increased awareness, commitment, and partisanship of the government, the business world, and society regarding the importance of MSMEs in the economy. Availability of human resources in the workforce in large numbers who are still productively used. The development of information and communication technology, which greatly supports the dynamism of business activities, and also supports the ability to quickly access market. 	<ul style="list-style-type: none"> Technological developments, especially E-Commerce, which have entered small industries. Competition in the MSME business in Batang Hari Regency is getting tougher with the emergence of many new innovations supported by technology. Low consumer confidence in MSME players due to a lack of commitment to upholding business ethics. Weaknesses in regulation and law enforcement are increasingly being pushed MSMEs by large businesses that are aggressively entering business areas that should be designated for MSMEs. The low quality commitment of MSME actors in Batang Hari Regency causes low consumer confidence in the quality and reliability of MSMEs in Batang Hari Regency. 	<ul style="list-style-type: none"> The more rapid economic cooperation between countries, especially in the ASEAN context. Domestic market potential that continues to grow, in line with the development of the population. Increased awareness, commitment, and partisanship of the government, the business world, and society regarding the importance of MSMEs in the economy. Availability of human resources in the workforce in large numbers who are still productively used. The development of information and communication technology, which greatly supports the dynamism of business activities, and also supports the ability to quickly access market.

Source: Primary data, processed in 2020

Calculation of the Internal Strategic Factors Analysis Summary (IFAS) Matrix

IFAS matrix calculation is a calculation to determine the weight, rating and score. The results of the calculation of the IFAS matrix are shown in table 7 as follows:

Table 7. Calculation of Internal Strategic Factor Matrix Analysis Summary (IFAS)

STRENGTH INDICATOR				
NO	Strategic Factors	Weight	Rating	Score
1	Batang Hari Regency Government provides support for MSMEs	0.07991	3	0.24
2	Very diverse types of products (tile brick business, processed wood business and small food industry).	0.08879	4	0.36
3	Ease of starting a business with unlimited capital (no minimum limit)	0.08567	4	0.34
4	MSMEs are not affected by foreign currency fluctuations because they still use domestic raw materials	0.08505	4	0.34
5	Availability of raw materials that are easily available	0.08980	4	0.36
6	Product prices are relatively affordable by all groups	0.08489	4	0.34
Total Strength		0.51410		1.98
WEAKNESS INDICATOR				
NO	Strategic factors	Weight	Rating	Score
1	The low motivation of business actors to increase the level of MSME business	0.07609	3	0.23
2	Low commitment, ability, and quality of guidance to MSMEs	0.08341	4	0.33
3	Less competitive quality of MSME products	0.08170	4	0.33
4	The low quality of human resources for business actors, such as lack of marketing knowledge, accounting knowledge, low productivity so that their competitiveness is low.	0.07905	3	0.24
5	Business actors still have limited use of information technology (such as the internet) so that market reach is limited and business efficiency is low.	0.08653	4	0.35
6	The network to market MSME products is minimal	0.07913	3	0.24
Total Weakness		0.48590		1.71
Total		1.0000		3.69
IFAS = 1.98 - 1.71/2 = 1.12				

Based on table 7 about IFAS (Internal Factor Analysis Summary) above, the strengths have a score of 1.98 while the weaknesses have a score of 1.71. This means that MSMEs in Batanghari Regency have higher strengths than the weakness factors in determining business development strategies in increasing competitiveness.

Calculation of the External Matrix Strategic Factors Analysis Summary (EFAS)

The calculation of the EFAS matrix is the same as the IFAS matrix, which is to determine the weight, rating and score. The results of the analysis from EFAS can be seen in table 8 as follows:

Based on table 8 about EFAS (External Factor Analysis Summary) above, the opportunity factors have a score of 1.49 and the threat factors have a score of 1.62. From the score, it shows that the effort to determine the MSME strategy in Batanghari Regency has a big enough opportunity compared to the threats that will arise.

Table 8. Calculation of the External Strategic Factor Analysis Summary (EFAS) matrix

OPPORTUNITY INDICATOR				
NO	Strategic factors	Weight	Rating	Score
1	The more rapid economic cooperation between countries, especially in the ASEAN context.	0.10237	3	0,31
2	Domestic market potential that continues to grow, along with the development of the population	0.09970	3	0,30
3	Increased awareness, commitment, and partisanship of the government, the business world, and society of the importance of MSMEs in the economy	0.09991	3	0,30
4	Availability of human resources in the workforce in large numbers who are still productively used.	0.09980	3	0,30
5	The development of information and communication technology, which greatly supports the dynamics of MSME activities, and also supports the ability to quickly market access.	0.09395	3	0,28
Total		0,49574		1,49
THREAT INDICATOR				
NO	Strategic factors	Weight	Rating	Score
1	Technological developments, especially E-Commerce, which have entered small industries.	0.09714	3	0,29
2	Competition in the MSME business in Batang Hari Regency is getting tougher with the emergence of many new innovations supported by technology.	0.10073	3	0,30
3	Low consumer confidence in MSME players is due to a lack of commitment to upholding business ethics	0.10627	4	0,43
4	Weaknesses in regulation and law enforcement are increasingly being pushed MSMEs by large businesses that are aggressively entering business areas that are properly designated for MSMEs.	0.10063	3	0,30
5	The low quality commitment of MSME actors in Batang Hari Regency causes low consumer confidence in the quality and reliability of MSMEs in Batang Hari Regency.	0.09950	3	0,30
Total		0,50426		1,62
Total		1,0000		3,11
EFAS = 1.49 – 1.62/2 = 0.68				

The total IFAS score is 3.69 and the total EFAS score is 3.11. So the SWOT analysis that is applied in increasing the competitiveness of MSMEs in Batanghari Regency is in cell number one (growth), which is a situation where MSMEs experience a period of growth, both in sales, asset profits, or a combination of the three. The growth strategy through Vertical Integrity is an activity to expand MSMEs by coordinating and collaborating with agencies at the sub-district, district and provincial levels through the industrial and trade cooperative services and increasing the types of products and services.

In determining the position of MSMEs in Batanghari Regency on the SWOT analysis diagram, the value or weighted score of the strategic strengths and weaknesses is obtained with a score of 1.12 for the coordinates of point X. The weighted value of the strategic factors of opportunity and threat is obtained a score of 0.68 for the coordinates of point Y, located in quadrant I, namely Aggressive (Growth Oriented Strategy) where this strength is a very favorable situation for

MSMEs in Batanghari Regency to have opportunities and strengths so that they can take advantage of existing opportunities. This strategy that must be applied in this condition is to support an aggressive growth policy, the focus of this strategy is to use the strengths of MSMEs to take advantage of various opportunities.

Therefore, in general, micro, small and medium enterprises are private businesses that rely on very limited capital from the owner's side, while loan capital from banks or other finance is difficult to obtain, due to administrative and technical requirements demanded by the bank. cannot be met. Even though there are so many credit schemes from banks and assistance from State-Owned Enterprises (BUMN), the source of funding from the informal sector is still dominant in financing MSME activities. One of the credit programs specifically for MSMEs is the People's Business Credit (KUR) at Bank Rakyat Indonesia (BRI), this facility is possible for MSMEs to get low interest rates from 22-23% to 9%, with the aim of increasing MSME access to financing sources. in order to boost the district, provincial and national economies. This is due to the location of the bank is too far away for entrepreneurs who live in the regions, too heavy requirements, complicated administrative affairs, and lack of information about existing credit schemes and procedures. In addition, the bookkeeping system which is not technically feasible for banking makes it difficult for MSMEs to obtain credit.

IV. CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Together or simultaneously working capital, the amount of labor, labor wages, and asset value have a very significant influence on the income of MSMEs in Batang Hari Regency. As much as 94.5% of MSME income is proven to be able to explain by the four independent variables, while the remaining 5.5% is explained by other variables not studied. Partially, working capital, labor wages, and asset value have a significant and significant effect on MSME income, and the number of workers has no and insignificant effect on MSME income. The results of the SWOT analysis matrix show that MSMEs in Batanghari Regency are in the Strength Opportunity (SO) strategy with a value (1.12: 0.68), the position of MSMEs in Batanghari Regency is in Quadrant I (aggressive strategy) and the IE matrix position (internal and external) is in a strong position (growth) with a total score of 3.69 and 3.11.

Recommendations

Regarding business capital, MSME actors in Batanghari Regency, Jambi Province are advised to plan in managing capital to meet business needs, so as to increase the amount of production in the end it can increase income. MSME players are also advised to actively participate in motivational seminars and seminars in improving their abilities, especially in the fields of financial management, bookkeeping, capital management and marketing in determining and expanding market share.

Regarding the number of workers required by MSMEs or certain institutions, the demand for labor is influenced by

changes in wage levels and changes in other factors that affect demand for production, including the ups and downs of market demand for production results from the relevant MSMEs, so that MSME actors should be more specific about the condition of the number of workers in the place of business that is operated.

Regarding labor wages, it is necessary to pay attention to MSME actors in terms of providing decent wages to workers, which causes employees to work seriously to produce the best products and interact with consumers with excellent service, thus opening opportunities for MSMEs to increase the amount of production or customers and expand the business thereby opening up new jobs.

The asset value of MSME players in Batanghari Regency must be balanced with production because it will determine the rate of return on investment in these assets. Therefore, it is very important for MSME actors to determine how much the allocation for each asset and the types of assets that must be owned. This concerns how much funds are needed which is directly related to the long-term goals of the business. For the industrial world, investment in fixed assets is a power to obtain optimal returns. The proportion of fixed assets that is greater than the current assets will affect the rate of return.

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