Factors Affecting Micro and Small Industry Income in Tangerang Regency, Banten Province, Indonesia

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Abstract: Micro, small and medium enterprises are one of the pillars of the Indonesian economy. The development and sustainability of MSMEs was determined by several factors. The role of the government and the cooperation of financial institutions is one way to increase economic growth. In addition to the role of the government, it required support from institutions and other things such as capital support, regulations that favor business actors. Strengthening MSMEs was important in order to be able to increase economic growth. The purpose of this study wa to describe the effect of people's business credit, investment, and marketing strategies on the income of the MSME industry in the Tangerang district of Indonesia. This research used quantitative methods. Assumption tests that were carried out include tests for normality, reliability, multicolliarity, heteroscedasticity, multiple analysis, multiple regression coefficients and multiple regression analysis. The results showed that there was an influence of people's business credit on the opinion of the MSME Industry, there was an influence of investment on the opinion of the MSME Industry, there was an influence of marketing strategy on the income of the MSME Industry, and there was an effect of the influence of the people's business credit, investment, and marketing strategy together on industrial income. MSMEs in Tangerang district, Indonesia

**Keywords:** People's business credit, investment, marketing strategy

1. Introduction

In general, the development of the national manufacturing sector promotes the development of a competitive industry with a strong industrial structure based on natural resources, innovation and technology and justice. In order to realize this vision, the government seeks to increase the spread of processing industry development throughout Indonesia. Kartasapoetra (2014, p. 28) Industry is an economic activity that processes raw materials, raw materials, semi-finished goods or finished goods into high-value goods. Industry is all companies or businesses that carry out activities to change basic materials or goods of less value into goods of higher value. Included in this sector are companies that carry out industrial service activities and assembly of an industry (BPS KabupatenTangerang, 2019) .

Law 3 of 2014 concerning Industry has the basic consideration that national development in the economic sector is carried out in order to create a strong economic structure through advanced industrial development as an economic driving force supported by the strength and capabilities of strong resources. The development of the processing industry is expected to produce characteristics, one of which is a strong synergy between small, medium, and large industries that carry out their roles as a supply chain. The government in achieving the vision and mission in the manufacturing sector has set targets, one of which is the development of small industrial centers. This is done to increase the contribution of small industries in particular to the national economy. In general, the contribution of the manufacturing industry to the Indonesian economy during years averaged 21.27 percent. Especially for the Micro and Small Industry (IMK) in 2016 it was able to absorb a workforce of 9.4 million people (BPS Tangerang Regency, 2019).

Todaro and Smith (2012, p. 76) say that there are three main factors or components in economic growth. First, capital accumulation which includes all forms and types of new investments invested in land, physical equipment and human resources. Second, population growth which in the next few years automatically brings growth in the labor force and third is technological progress. In economic development in Indonesia, IMK (micro and small industries) is always described as a sector that has an important role because historical experience shows that IMK was able to withstand the economic crisis that Indonesia had experienced several years before. In addition, because most of the Indonesian population has low education, working in the IMK sector is the right choice, where education is not an absolute requirement in doing business in the IMK sector and living in micro and small business activities, both traditional and modern sectors, and is able to absorb a lot of labor. The Indonesian economy will have strong fundamentals if the IMK business has become the main productive and competitive actor in the national economy. For this reason, people's economic development through the empowerment of IMK should be the main priority of national development in the long term. The main challenge faced in the future is to accelerate efforts to strengthen the structure of the Indonesian economy, which is based on IMK as the main driver of economic growth, to reduce poverty and increase employment (BPS KabupatenTangerang, 2019).

Based on Law No. 20 of 2008, Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as regulated in this Law (TulusTambunan, 2012, p. 12). Meanwhile, small industry is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of either directly or indirectly from Medium Enterprises or Large Enterprises that meet the criteria. Small Business as referred to in this Law.
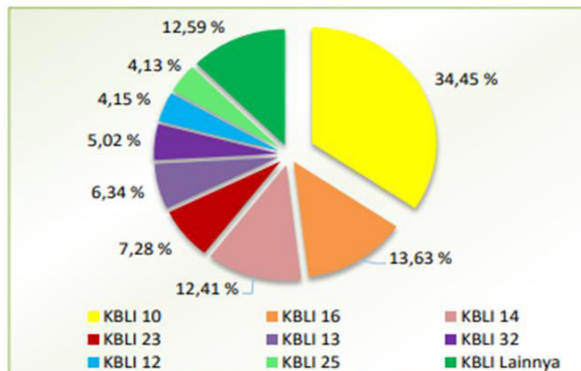
In line with the community's primary needs for the provision of clothing, food, and shelter, there are around 1.54 million IMK businesses/companies operating in several Indonesian Standard Classifications of Business (KBLI) including the Food Industry group (KBLI 10), Wood Industry, Goods from wood and cork (excluding furniture), and woven goods from rattan, bamboo and the like (KBLI 16) around 608.34 thousand, and the apparel industry (KBLI 14) around 554 thousand. Several industrial groups that produce secondary and tertiary needs, such as the Computer, Electronic and Optical Goods Industry (KBLI 26), Electrical Equipment Industry (KBLI 27), and the Motor Vehicle, Trailer, and Semi Trailer Industry (KBLI 29) each amounted to 1.3 thousand businesses, 1.33 thousand businesses, and 2.08 thousand businesses. The three groups above are IMK businesses/companies with the smallest number of businesses. The distribution of the number of IMK businesses/companies according to KBLI can be seen in Figure 1.1 above (BPS KabupatenTangerang, 2019).
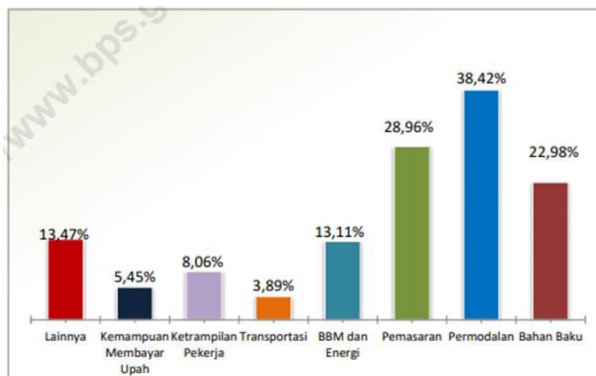
In developing micro and small industry businesses can not be separated from various difficulties or obstacles. Of the total 4.46 million IMK businesses/companies, 65.67 percent experienced difficulties, while businesses that stated they had no difficulties in running their businesses only amounted to 34.33 percent. In Figure 1.3 it can be seen, the types of difficulties experienced include capital difficulties of 38.42 percent, marketing difficulties of 28.96 percent, and raw material difficulties of 22.98 percent. The causes of IMK businesses/companies experiencing difficulty in raw materials are rare raw materials by 49.11 percent, expensive raw materials by 25.08 percent, and distant raw materials by 17.60 percent. In general, the services/assistance provided to IMK businesses/companies is still very minimal. Most of them, reaching 95.61 percent of IMK businesses/companies stated that they had never received service/assistance and only 4.39 percent stated that they had received service/assistance. .48 percent, raw materials by 9.38 percent, and capital goods by 8.30 percent. The majority of IMK businesses/companies stated that the main reason they never received services/assistance to develop their businesses was due to their ignorance of the assistance, 43.36 percent, not interested/no need for assistance, 23.78 percent, and 16.56 percent of not knowing the procedures (BPS). Tangerang Regency, 2019).

Investments made by the private sector in MSEs, according to the author, need to be given convenience and uncomplicated ixin management. Every year, the investment invested in Tangerang Regency continues to grow. Both in terms of quantity and type. Based on data from the Tangerang Regency Investment and One Stop Integrated Service (DPMPTSP), there are two business groups that invest in Tangerang Regency, namely Foreign

Investment (PMA) and Domestic Investment (PMDN). Based on data released by DPMPTSP Tangerang Regency in the third quarter of 2019, from 2014 to 2019, investment, both PMA and PMDN, showed fluctuations. However, on average, there is an increase in the value of investment every year. However, it still requires synchronization and the same understanding from all bureaucrats in Tangerang district.

The obstacle faced by Tangerang district is the problem of synchronizing integrated business license services (online single submission / OSS). OSS system is a very good government policy. However, because the system used by the government at the central level and local governments, including Tangerang Regency, has not been synchronized, this has become an obstacle for the entry of foreign and domestic investment. In addition, a business requires excellent and complete marketing. Existing marketing strategies are considered inadequate. The government's role is still needed. Given the increasing number, MSME owners must be more creative and innovative in marketing their products. Therefore, there are several marketing strategies for MSMEs. The success of MSMEs in marketing digital marketing strategies is related to the development of business markets and what can be done to optimize sales (Kosasi, S., &Yuliani, I. D. A. E. , 2017). Based on the description above, it can be proposed that the research question is, is there any influence of people's business credit on the opinion of the MSME Industry?, Is there an influence of investment on the MSME Industry's opinion? , and is there a joint influence of people's business credit, investment, and marketing strategies on the income of the MSME Industry in the Tangerang district of Indonesia?

2. Research methods

The type of research used in this research is using quantitative methods. Sugiyono (2016, pp. 23-24) states that quantitative methods are research methods based on the philosophy of positivism, used to examine certain populations or samples, data collection using research instruments, data analysis is quantitative/statistical, with the aim of testing hypotheses. which has been set.

The variables in this study are people's business credit, investment, marketing strategy, and MSME industry income. The data was taken from the Central Bureau of Statistics of Tangerang City from 2010 to 2015. The following is the relationship between variables as follows:
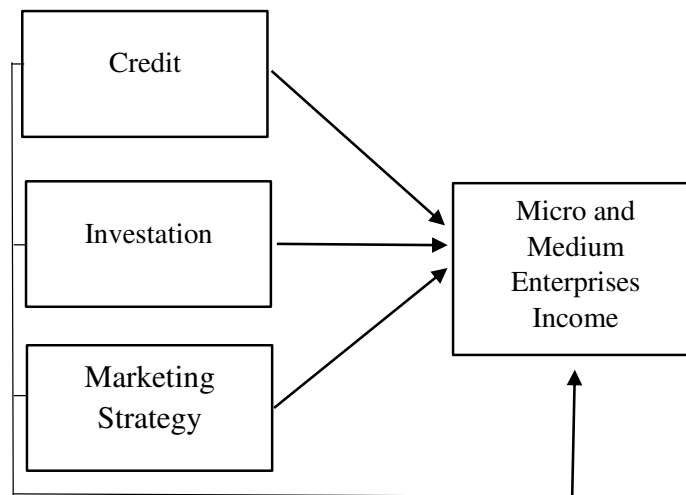
In this study using the normality of the data. To test more accurately, to find out whether the data is normally distributed or not. , then the basis for the decision is as follows:
(1) If the probability value is less than 0.05, then Ho is accepted and Ha is rejected, meaning that the data is not normally distributed.
(2) If the probability value is greater than 0.05, then Ho is rejected and Ha is accepted, meaning that the data is normally distributed.
Furthermore, reliability is the extent to which the measurement of a test remains consistent after being repeated on the subject and under the same conditions. Research is considered reliable when it provides consistent results for the same measurement. Reliability is a consistent result of a test repeatedly, as a proof of the accuracy of the test results even though the test is repeated will produce the same results.

The third assumption test is the multicolliarity test. In the classical assumption there is no multicollinearity between the explanatory variables. In a regression equation there should be no correlation between the independent variables. If in the regression there is a correlation between the independent variables, then an assumption violation has occurred, so that the estimation results do not reflect the influence of the variable itself but the influence of other correlated variables. Multicollinearity occurs when there is a linear relationship

between the independent variables. According to Winarno (2016, p. 47), indications of the occurrence of multicollinearity are indicated by the following information:

(1). The value of R2 is high, but many independent variables are not significant.

(2). Calculate the correlation coefficient between independent variables. If the coefficient is low, then there is no multicollinearity.

Heteroscedasticity test. This test is used to determine whether there is a heteroscedasticity problem or not, the White test is used, provided that the Chi-squared Probability value is less than 0.05, it means that there is a heteroscedasticity problem. On the other hand, if the Chi-squared Probability value is greater than 0.05 , then it means that there is no heteroscedasticity problem.

After testing the assumptions, then the Multiple Regression Analysis is carried out. Multiple linear regression analysis was conducted to determine the direction and how much influence the independent variable has on the dependent variable .

3. Research Results and Discussion

Data Normality Test

To find out whether the data is normally distributed or not, the Jarque–Bera test with histogram is used, provided that if the probability value is greater than 0.05, then the data is declared normally distributed. On the other hand, if the probability value is less than 0.05, then it is assumed that the data is not normally distributed. Here is the normality test output

where the equation model has a probability value of 0.421715, thus it can be concluded that the probability of the regression disorder is normally distributed because the probability value of JarqueBera is greater than 0.05.

Realibility Test

Variabel	CronbachAlpa	Description
Credit	0.856	realiable
Investation	0.968	realiable
Marketing strategy	0.675	realiable
UMKM Income	0.634	realiable

The results of research testing using this measurement can be said to be reliable if the variables X1, X2, X3, and Y onCronbach alpha> 0.600. The results of this reliability test indicate that the questionnaire questions in this study are reliable.

| Model | Collinearity Statistic | |
	Tolerance	VIF
1 (Constant)		
X1	.774	1.244
X2	.674	1.344
X3	.631	1.312

The results of the analysis calculation show that the VIF value of each independent variable is smaller than 10 and the tolerance value is greater than 0.1, so it can be concluded that the regression model does not contain symptoms.

Heteroscedasticity Test

To find out whether or not there is a heteroscedasticity problem, the White test is used, provided that if the Chi-squared Probability value is less than 0.05, it means that there is a heteroscedasticity problem. On the other hand, if the value of sig. greater than 0.05, it means that there is no heteroscedasticity problem.

From the test results, the results of the White Heteroscedasticity Test for
is as follows :

Variable	t count	Sig. t	Description
Credit	1.234	0.220	No heteroscedasticity
Investation	0.093	0.926	No heteroscedasticity
Marketing strategy	0.232	0.817	No heteroscedasticity

Heteroscedasticity is a situation where the variance is not constant. To detect the presence or absence of heteroscedasticity, a test is carried out which is then carried out by a comparison between the sig-t value of 0.05. If Sig-t_count is less than 0.05 then heteroscedasticity will occur, and vice versa. if sig-t_count is greater than 0.05 then there will be no heteroscedasticity

Correlation Coefficient and

Multiple Determination (R^2)

Model	R	R Square	Adjusted R Square	Std.Error of the Estimate
1	723	.518	.354	43.071

Multiple Regression Analysis Based on the results of multiple linear regression analysis, the Adjusted R2 value for this research model is 0.518, this value means 51.8% while the remaining 48.2% is explained by other factors not included in this study. It can be said that as much as 51.8% of credit factors, investment and marketing strategies affect MSME income, while 48.2% are influenced by other factors.

Multiple Regression Analysis

Model	B	Unstandardized Coefficients Std. Error	Beta	Standardized Coefficients t	Sig.
Constant	8.218	3.013		2.127	.007
X1 Credit	.119	0.74	-919	-1.616	.003
X2 Investation	.017	0.47	.042	.356	.001
X3 Marketing Strategy	.016	0.54	.032	.256	.002

Discussion

MSMEs are an important pillar in the nation's economy. MSMEs have a basic role in the Indonesian economy, and the government must pay attention to entrepreneurs Hadiyati, E., &Hendrasto, F. (2021). SMEs need the support of all parties. The central government provides rules for economic actors, especially MSMEs. One of them, state budget funds must be spent at least 30% to MSMEs. As many as 41 state-owned enterprises (BUMN) were ordered by the SOE minister to be able to spend operational needs on MSMEs, so that the affected MSMEs can receive support to continue to survive in the midst of the Covid 19 pandemic. This includes the provision of micro-credit that can increase MSME income. Research from Purnamayanti, N.W. A et al (2014) stated that there was an effect of credit on the fixed income of MSMEs. In addition, providing capital to MSMEs also helps accelerate income growth (Inayah, N, et al, 2014).

Loans disbursed to MSMEs in 2021 the government will increase access to MSME financing. The government has provided Rp.281.86 trillion, an increase of 42% from 2020. Loans that have been implemented in 2022 have reached Rp55.06 trillion. A total of 7.4 debtors have received MSME financing. Managers take credit loans to expand their businesses (Razzaq, S., Maqbool, N., & Hameed, W. U. 2019). Caronge's research, E. (2019) states that the percentage of lending has a positive influence on the income level of members by 34.1%, while the remaining 65.9% is influenced by other factors not discussed in the research. The credit factor has a positive effect and all of the above studies are in accordance with the findings of this study. Research related to providing capital/investment to MSMEs is research from those related to investment, namely Nelfa, N., Zuraidah, Z., &Sartika, F. (2019). The benefits of investment and capital are very helpful for SMEs. The provision of capital and investment will increase the income of MSMEs if given properly. Right on target such as not taking too much capital, and not being abused.

The research of Setiawati, I., &Widyartati, P. (2017) states that marketing strategies also affect the income of MSMEs, it is said that Micro, Small and Medium Enterprises (MSMEs) use the internet as a means of online marketing to gain a satisfactory market share. Currently the internet is very easily accessible by anyone around the world, including MSME businessmen who use the internet as a means of providing and sharing information about products offered to consumers online.

Suryanti, E., Lesmana, H., &Mubarok, H. (2021) stated that the marketing strategy contributed to increasing the income of MSMEs. Marketing strategies that are changing online require special training for MSME managers. This study is in accordance with the results of this study. Providing credit, investment and marketing strategies can increase MSME income

4. Conclusion

According to the results and discussion above, it can be concluded that there is an influence of credit on MSME income, there is an influence of investment on MSME income, there is an influence of marketing strategy on MSE income, and there is a simultaneous influence of credit, investment and marketing strategy on MSME income.

The government's role in maintaining the ability of MSMEs has been carried out by providing credit. The provision of credit should be managed properly and in a transparent and professional manner. The role of the region also needs to be increased in assisting the marketing strategy of MSME products, such as facilitating the needs of regionally owned enterprises (BUMD) and the community for MSME actors.

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