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Original Research Article

An Analysis of the Influence of Capital, Number of Workers, Operational Hours, and Duration of Business on the Income of Trader in Informal Sector in Labuhanbatu District

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ABSTRACT

This study aims to determine the informal sector income in the District of Labuhanbatu Regency. This research was conducted at 9 District of Labuhanbatu. In this research use double lenear regression model with component to process data, used Eviews programme version. This research method use nonprobability sampling method that is purposive sampling which is method Ordinary Least Square (OLS). The test results showed that variable of capital (X1), number of workers (X2), allocation of trading time (X3), and long of running a business (X4) simultaneously affect informal sector income in the District of Labuhanbatu Regency (Y). Based on five variables used are capital (X1), number of workers (X2), allocation of trading time (X3), and long of running a business (X4) partially indicate a positive and significant impact on the informal sector income in the District of Labuhanbatu Regency (Y).

***Keywords**: Informal Sector Income, Working Capital, Total of Labor, Allocation of Trading Time, and Long of Running a Bussines.*

INTRODUCTION

The process of development and economic growth is basically determined and influenced by two types of factors, namely economic and non-economic factors. Economic factors in the form of natural resources (SDA), human capital (HR) Capital and managerial workforce that organizes and regulates the factors of production. Non-economic factors are in the form of social institutions, political conditions, moral values and the like which are not economic factors that influence both those that support and those that hinder the process of development and economic growth in a country.

The existence of development in addition to having a positive impact also has a negative impact, mainly indicated by various labor and employment opportunities. This has become a very serious problem for the Indonesian people, given the population which in turn is an excessive supply of labor, while the demand for labor in the labor market is very limited.

According to the 2015 CIA World Factbook, Indonesia is the fourth largest population in the world with a population of 255 million. A large population is believed to be the basic capital in achieving national development goals, but on the other hand, with inappropriate management, a large

population will cause population problems which are very crucial especially in the field of employment.

Workers in the informal sector usually lack formal education, are generally untrained and lack access to capital, consequently the productivity of workers and income tends to be lower in this sector than the formal sector. In addition, workers do not enjoy the protection provided by the modern formal sector in terms of job security, decent work and pension funds. The workers who enter this sector are mostly migrants from the periphery or outside the area who are unable to get jobs in the formal sector. Their motivation is usually to earn enough income to survive, relying on local resources that exist to create existing jobs (Todaro P.dan C. Smith, 2011).

Some types of work are included in the informal sector, one of which is street vendors, such as rice stalls, cigarette sellers, newspaper and magazine sellers, small food sellers and drinks, and others. They can be found on roadside in city centers that are crowded with visitors. They provide necessities for the middle and lower economic groups at the prices reached by these groups. However, not infrequently those from the upper economic groups also invaded the informal sector.

The informal sector has an important role in contributing to urban development, because the informal sector is able to absorb labor (especially the lower classes) which is significant enough to reduce unemployment problems in the city and increase the incomes of the poor in the city. In addition, the informal sector contributes to the income of the city government.

However, the growth of the informal sector, which is quite rapid without good handling, can lead to urban governance disorder. As we know, many informal sector traders carry out their activities in places that are supposed to be public spaces. The public space is a public place where people can relax, communicate, and enjoy views of the city. Public places can be in the form of parks and others.

To overcome the problem of the informal sector, firmness is needed from the city government. So far, the government has only been controlling in overcoming the problem of the informal sector. But this proved to be ineffective, because after the street vendors were curbed, a few days later they would return to their original place to sell. In addition, there is a tendency that the places used for selling are traded, even though they sell in locations that are owned by the government. This can be said as an illegal act.

According to Todaro (2000) the characteristics of the informal sector are very varied in the field of small-scale goods and services production activities, individually or group-owned production units, using labor (labor intensive), and the technology used is relatively simple, the workers themselves usually do not have formal education, generally do not have the skills and working capital. Therefore their productivity and income tend to be low compared to business activities carried out in the formal sector. The income of informal sector workers is not in the form of fixed wages every month, as is the case with formal labor. Wages in the formal sector are government intervention through the Provincial Minimum Wage (UMP) regulations. But the income of informal workers escapes government interference.

In increasing their income, the informal sector will have difficulties in realizing it without the support and assistance of related parties, however they face limitations that sometimes they cannot solve themselves. The absence of the support given to traders in the informal sector by the government is an obstacle to their efforts to be more advanced and developing.

Labuhanbatu Regency itself is not spared from urban problems which are certainly also experienced by other large districts in Indonesia, namely labor issues. The level of labor participation for both

women and men in the informal sector in Labuhanbatu Regency fluctuated from 2010 to 2016. The fluctuation in the number of informal sector workers in Labuhanbatu District indicated that there were factors that led to the participation of informal sector workers in Labuhanbatu District.

In Labuhanbatu District, the data on the number of workforce registered with the Labuhanbatu District Manpower Office in 2015 was 184,323 people consisting of 128,730 men and 55,593 women.

Table 1. Total Labor Force According to Gender In Labuhanbatu Regency in 2015

Workforce	Man	Women	Total
Work	119.435	43.889	163.324
Unemployment	11.704	9.225	20.999
Total	128.730	55.593	184.323

Source: BPS, Labuhan stone in numbers, 2017

Based on BPS data for the past 5 years small businesses experienced a significant development, which can be seen in the table below:

Table 2. Number of Small Household Businesses and Handicrafts According to the District of the Year 2011-2015

Sub District	Year				
	2011	2012	2013	2014	2015
Bilah Hulu	122	125	129	134	135
Pangkatan	16	18	20	32	33
Bilah Barat	18	21	22	31	31
Bilah Hilir	43	43	43	51	51
Panai Hulu	22	23	23	26	26
Panai Tengah	15	16	16	20	20
Panai Hilir	39	40	40	35	36
Rantau Selatan	189	192	192	238	242
Rantau Utara	508	510	1058	557	567
Total	972	988	1058	1124	1141

From the table above, it can be seen that the number of small businesses in Labuhanbatu is increasing from year to year, the number of small businesses that dominates most is from the North Rantau sub-district. This can be seen from very far from the other sub-districts. The North Rantau District since 2011 has more than 500 small businesses, while the other sub-districts are still below 200.

Seeing this potential and reality, the authors are interested in examining the factors that influence the income of informal sector traders in Labuhanbatu Regency. However, because the informal sector is so extensive, it is specified only in the informal sector engaged in food and beverage businesses.

We can assume the increasing location of food and beverages that the purchasing power of the people consuming is also quite high. When viewed in terms of product design and business location promotion that can attract consumer purchasing power, food and beverage products have a delicious taste and can be accepted by consumers, prices that can compete, friendly and courteous employees also become a fascination for consumers.
This study specifically wants to observe and analyze 4 factors that influence the income of food and beverage sellers in Labuhanbatu Regency, namely: working capital, labor, business time allocation, and length of time.

Hypothesis

Based on problem formulation, literature review and from the various results of empirical studies that have been carried out by previous researchers, this research hypothesis can be formulated as follows:

1. Working Capital has a positive effect on the Income of Informal Sector Traders in Labuhanbatu Regency.
2. The Number of Workers has a positive effect on the Income of Informal Sector Traders in Labuhanbatu Regency.
3. Allocation of Business Time has a positive effect on the Income of Informal Sector Traders in Labuhanbatu Regency.
4. Duration of Business has a positive effect on informal sector trader income in Labuhanbatu Regency.

MATERIAL AND METHODS

This research is about the income of informal sector traders, especially food and beverage sellers in Labuhanbatu Regency and the factors that influence it.

The location of the study was carried out in Labuhanbatu District, namely: in 9 Districts in Labuhanbatu Regency.

This study uses a nonprobability sampling method, specifically purposive

sampling. Purposive sampling was chosen because this sample method is considered the best for answering research objectives, by taking 90 respondents.

In this study the sample size will be determined by the sample technique mentioned above. The sample distribution size specified in this study is as follows:

Table 3. Research Location and Sample Size

No	Sub District	Total Sample
1	Rantau Utara	10
2	Rantau Selatan	10
3	Bilah Hulu	10
4	Bilah Hilir	10
5	Bilah Barat	10
6	Panai Tengah	10
7	Panai Hilir	10
8	Panai Hulu	10
9	Pangkatan	10
Total		90

RESULTS AND DISCUSSION

Multicollinearity

Multicollinearity is a symptom of independent variables that correlate strongly with each other. To find out the existence of independent variables a strong correlation can be seen by testing the Variance Inflations Factor (VIF).

Decision-making:

1. VIF> 10, it is thought to have multicollinearity problems
2. VIF <10, there is no multicollinearity

Table 4. Multicollinearity Test

Variance Inflation Factors			
Date: 05/11/19 Time: 17:25			
Sample: 1 90			
Included observations: 90			
	Coefficient	Uncentered	Centered
Variable	Variance	VIF	VIF
_X1_	0.001584	75.54506	6.730624
_X2_	4.63E+10	24.51483	4.554288
_X3_	42786424	234.7562	6.605134
_X4_	9.71E+09	27.03571	7.316743
C	9.15E+11	95.46107	NA

The VIF value in the table above shows that all variables in this study did not experience multicollinearity. This is indicated by the VIF value of the variable which is less than 10.

Heterocedasticity

Heterocedasticity tests in principle want to test whether a group has different variances between members of the group. In this study, the method used to detect heterocedasticity was carried out using the pagan godfrey breusch test.

Decision-making:

1. The value of p value> 0.05 does not have a problem of heteroscedasticity
2. The value of p value <0.05 then has a problem of heteroscedasticity

Table 5. Heterocedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	1.164403	Prob. F(4,85)	0.3323
Obs*R-squared	4.675398	Prob. Chi-Square(4)	0.3223
Scaled explained SS	3.275818	Prob. Chi-Square(4)	0.5128

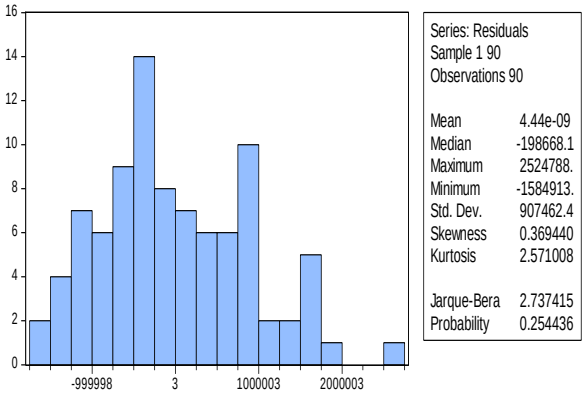
The value of p value is indicated by the value of prob. chi-square (1) on obs * r-squared which is equal to 0.3223 because the p value is 0.3223> 0.05, which means the regression model is free from symptoms of heteroscedasticity.

Normality

The normality test aims to test whether in the regression model, the confounding or residual variables are normally distributed. Based on the results of data processing with the program, it can be informed about the existence of normality obtained. To see the residual normality the researcher analyzes and compares the Probability value with an error rate of 0.05.

Decision-making:

1. The value of p value> 0.05 then the residual is normally distributed
2. The value of p value <0.05, the residual is not normally distributed



Graph 1 Normality test

The results of the residual normality test above show the value of p value of 0.254436> 0.05, which means that the residual is normally distributed.

Conformity Test

The statistical coefficient of each independent variable can be calculated with the help of a computer through the Eviews program with the following results:

Table 6. Working Capital, Number of Workers, Allocation of Business Time, Duration of Trying, Against Merchant Income

Var	Coefisien	Prob. t	Information
C	2072390.	0,0330	(n)90
X1	0,954481	0,0000	
X2	762102.7	0,0006	
X3	14515.15	0,0291	
X4	508664.2	0,0000	
R^2 = 0,988800 Prob. F = 0,0000			

Based on the results of the estimation model of the Merchant Income function presented in table 4, the results of the equation are as follows:

Y = 2072390. + 0,954481X1 + 762102.7X2 + 14515.15X3 + 508664.2X4 + e

The analysis of the results of the estimation model can be interpreted as follows:

a. Working Capital Coefficient (X1)

Based on Table 6. it can be seen that the working capital coefficient is 0.954481. The Working Capital variable coefficient shows a positive influence which gives the meaning that if Working Capital increases by one million per month by assuming that other factors remain (cateris paribus) then it will add Merchant Income 0.954481 million rupiah. This means in accordance with the hypothesis which states that there is a positive effect of working capital to increase the income of the informal sector in Labuhanbatu Regency.

b. Coefficient of Labor Amount (X2)

Based on Table 6. it can be seen that the coefficient of the Amount of Labor is 762102.7. The variable coefficient of the number of workers shows a positive effect which gives the meaning that if the number of workers increases by 1 person by assuming other factors remain (ceteris paribus) then it will increase the income of traders by 762102.7 million rupiah. This meaning is in accordance with the hypothesis which states that there is an influence of positive labor to increase the income of the informal sector of Labuhanbatu Regency.

Business Time Allocation Coefficient (X3)

Based on Table 6. it can be seen that the Time coefficient is 14515.15 The Working Time variable coefficient shows a positive influence which means that if Working Time increases by one hour per day by assuming other factors remain (ceteris paribus) then it will increase the merchant's income by 14515.15 million rupiah . Means this is in accordance with the hypothesis which states that there is a positive influence on the allocation of business time to increase the income of the informal sector in Labuhanbatu Regency.

Length of Business Coefficient (X4)

Based on Table 6. it can be seen that the Business Duration coefficient is 508664.2. The Duration variable coefficient shows a positive effect which gives meaning that if the Business Duration increases by one year by assuming other factors remain (cateris paribus) then it will increase the Merchant Income by 508664.2 million rupiah. This means that this corresponds to the hypothesis which states that there is a positive influence when trying to increase the income of the informal sector in Labuhanbatu Regency.

Coefficient of Determination (R2)

Based on Table 6. the results of the empirical model show R2 of 0.9888 which means R2> 0.90. This means that the model built on Informal Sector Merchant Income is determined by the variables of Working Capital (), Number of Labor (), Business Time Allocation (), Duration of Business (is good because R2 = 0.9888> 0.90.

The coefficient of determination (R Square) of 0.9904 gives information that together the variables of Working Capital (), Amount of Labor (), Allocation of Business Time (), Duration of Business (able to provide variable variations in Merchant Income of 98.88% while the remaining

1.12% is explained by other factors not included in this research model.

Simultaneous Test (F Test)

F probability value can be searched from the results of processing Eviews 7

Table 7. Coefficient F Prob.

Prob(F-statistic)	Information
0,000000	Signifikan

Decision criteria:

Accepted if prob value. F> error rate (α) 0.05

Accepted if prob value. F <error rate (α) 0.05

Based on the analysis above, prob value. F of 0.000000 <error rate (α) 0.05. Thus, Ho is rejected and Ha is accepted. This shows that Working Capital (), Amount of Labor (), Business Time Allocation (), Duration of Business (simultaneously having a significant effect on Informal Sector Trader Income (Y) in Labuhanbatu Regency.

Partial Test (t Test)

The degree of probability value is obtained from the results of processing the Eviews 7 program as shown in the following table:

Table 8. Variable Regression Results Working Capital, Number of Workers, Allocation of Business Times, Length of Attempt to Merchant Revenue

Variable	Prob.	Information
X1 (Working Capital)	0,0000	Signifikan
X2 (Labor)	0,0006	Signifikan
X3(Business Time Allocation)	0,0291	Signifikan
X4 (Duration of Trying)	0,0000	Signifikan

Based on hypothesis test criteria from Table 6. it can be seen that:

Working capital (X1)

The probability value for the Working Capital variable is 0.0000 at the error rate (α) 5%, so it can be concluded that the Working Capital variable has a positive and significant effect (0.0000 <0.05) on the Income of Informal Sector Traders in Labuhanbatu Regency.

Labor (X2)

The probability value for the Labor Amount variable is 0,0006 at the error rate (α) 5%, so it can be concluded that partially Working Capital variables have a positive and significant effect (0,0006 <0,05) on the Income of Informal Sector Traders in Labuhanbatu Regency.

Business Time Allocation (X3)

The probability value for the Business Time Allocation variable is 0.0291 at the error rate (α) 5%, so it can be concluded that partially the Business Time Allocation variable has a positive and significant effect (0.0291 <0.05) on the Income of Informal Sector Traders in Labuhanbatu Regency.

Long Time Trying (X4)

The probability value for the Old Tested variable is 0.0000 at the error rate (α) 5%, so it can be concluded that partially the Old Business variable has a positive and significant effect (0.0000 <0.05) on the Income of Informal Sector Traders in Labuhanbatu Regency.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the results of the above research, it can be concluded as follows:

1. Working Capital (0.0000) has a positive and significant influence on the income of the informal sector in Labuhanbatu Regency.
2. Labor (p = 0,0006) has a positive and significant influence on the income of the informal sector in Labuhanbatu Regency.
3. Business Time Allocation (p = 0.0291) has a positive and significant effect on the income of the informal sector in Labuhanbatu Regency.
4. Duration of effort (p = 0.0000) has a positive and significant influence on the income of the informal sector in Labuhanbatu Regency.

Recommendations

Based on the results of the research and the conclusions above, the writer gives some suggestions, as a form of implementation of the results of this research as follows:

1. The capital factor has a positive and significant influence on the income of informal sector traders in Labuhanbatu

Regency, it is recommended that traders use capital maximally, through interviews that all traders use their own capital, and traders have difficulty in obtaining additional funds as capital, traders should be able to make other sources of capital loans such as banks, cooperatives, rural banks or other financial institutions.

2. Factor Number of Labor gives a positive and significant influence on the income of informal sector traders in Labuhanbatu Regency, so it is recommended for traders to be able to maintain skills by improving the quality of the existing workforce.
3. The old factor of business has a positive and significant influence on the income of informal sector traders in Labuhanbatu Regency, so traders are advised to maintain their business experience, because the longer the merchant sells, their stalls will become more famous and have a brand so that more consumers have subscription, this will increase the income of informal sector traders in Labuhanbatu Regency.

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