Analysis of Factors Affecting the Income of Traditional Traders in Karo District
(Case Study at Berastagi Fruit Market)

Jessi Charina Sembiring[1], Sya'ad Afifuddin[2], Murni Daulay[3]

[1,2,3] Faculty of Economics and Business, Universitas Sumatera Utara, Indonesia

Corresponding Author: Jessi Charina Sembiring

ABSTRACT

The general purpose of this research is to analyze analysis of factors affecting the income of traditional traders at Berastagi Fruit Market. Then the specific objective is to analyze the influence of variables such as working capital, length of business, type of merchandise and working time on the income of traditional traders in the Berastagi Fruit Market. The samples in this study were 161 traders with simple random sampling technique with a total population of 270 traders. The analytical method used is ordinary least square with multiple linear regression equations using the Eviews 7 application. The data used in this study are primary data and the data source comes from interviews and questionnaires given to traditional traders of the Berastagi Fruit Market. The results of this study indicate that working capital, length of business, type of merchandise and working time jointly influence the income of traditional traders in the Berastagi Fruit Market. Partially, working capital, length of business, type of merchandise and working time have a positive effect on the income of traditional traders in the Berastagi Fruit Market and all independent variables are in accordance with the hypothesis.

Keywords: Working Capital, Length of Business, Type of Merchandise, Working Time, Income of Traditional Traders

INTRODUCTION

The economic development of a country or a region cannot be separated from the economic activities of the community, the economy is formed from several business sectors, both the formal and informal sectors, with the aim of getting a decent income to meet the needs of life and for the welfare of family members. Everyone tries to work, in this case, but only hopes for income, the higher a person's income, the higher the level of welfare of his family members and the more needs and wants can be achieved.

Karo Regency is an area with quite extensive agricultural potential and a very large number of products so that the main livelihood of the population is agriculture. In addition, Karo Regency is one of the main tourist destinations in North Sumatra Province which has the potential to be no less attractive than other tourist destinations in Indonesia. Based on data GRDP based on business fields, agriculture and trade sectors are the largest contributors to Karo District, the agricultural sector contributes an average of 57% of GRDP to Karo District, while trade potential is the second largest contributor in Karo Regency, which is 9.59%. The potential of Karo Regency in the tourism, trade and agriculture sectors is very high and has good prospects in the long term.

The development of the tourism sector in a country will attract other sectors to develop as well because its products are needed to support the tourism industry, such as agriculture, trade, livestock, plantations, handicrafts, increased employment opportunities and so on. In Indonesia, tourism is the third largest foreign exchange earner after oil and textiles. This proves that the tourism service industry has a large

enough potential to become the backbone of the economy in the future (Admesia, 2014:2). Apart from the tourism sector, Tanah Karo has an agricultural sector as a leading sector that provides a major contribution to the GRDP of Karo Regency. This condition is a great opportunity for traders to increase their income, because the increase in community income is also able to encourage economic growth in the area.

High economic growth in a region does not necessarily guarantee high prosperity for its people; this is when it is followed by a high population growth rate. High prosperity is reflected more in the growth rate of per capita income, because when viewed from a consumption point of view, it means that people will have the opportunity to enjoy goods and services in larger quantities or higher quality. The level of prosperity of the population of an area is usually measured by the size of the per capita income figure obtained from the division between regional income and the mid-year population (BPS Karo, 2006).

Most of the agricultural products in Karo Regency are absorbed and accommodated in the Berastagi Fruit Market in Berastagi. So that there is an interrelated relationship between the Fruit Market traders in Karo Regency, especially traditional traders and farmers in Karo Regency, because most of the products sold are products of the agricultural sector in Karo Regency. Moreover, it is known that Berastagi District has the second largest number of traders compared to other Districts.

Berastagi Fruit Market is one indicator of tourist destinations in Karo Regency. If the Berastagi Fruit Market is visited by many tourists, the level of tourist visits to North Sumatra is certain to also increase. This has an impact on increasing income for traders of the Berastagi Fruit Market from the tourism sector and economic turnover from the trade sector in Karo Regency.

The prospect of the trade sector in the Berastagi Fruit Market will continue to develop accompanied by the rapid number of visits by domestic and foreign tourists indicating the need for in-depth studies of developments, prospects and internal and external factors that affect the income of Berastagi Fruit Market traders and the ability to survive traditional markets as a result, the development of modern souvenirs market today.

The welfare of a trader can be measured from his income, therefore the factors that affect the merchant's income must be considered so that the merchant's income is stable and his welfare increases so that the trading activities in the market continue to run smoothly, the number of existing traders will continue to survive and increase. In starting a trading business, one of the most important things needed is capital.

Capital is very important in doing business, including trading. According to Sawir (2001) working capital is the total current assets owned by the company or it can also mean the funds that must be available to finance the company's operations. Capital is all forms of wealth that can be used directly or indirectly in the production process to increase output. Capital for trading can come from internal traders and other sources apart from traders, both in the form of loans from banks and non-bank institutions. Based on the results of interviews with several traders at the Berastagi Fruit Market, many complained about the difficulty of obtaining capital, to get a capital loan there must be collateral that they submit as collateral for the loan. However, many of the traders did not meet these requirements, and the high interest that had to be paid made it a problem. This is a problem related to the capital of traditional market traders.

Apart from the capital factor, length of business also affects the income of traders. The longer the business has been established, the more income the merchant will have. In running a business, business length plays an important role in the process of conducting a trading business (Utama,

2012). The duration of an effort can lead to a business experience, where the experience can influence one's observations in behavior (Asmie, 2008). This is because in general, long-standing businesses are able to adopt more mature policies based on existing experience. This can certainly increase market traders' income.

The types of merchandise at Berastagi Fruit Market are also very varied, such as fruits and vegetables, handicraft souvenirs, clothing, pets and foods such as roasted corn. So it is natural that the number of traders in the Berastagi Fruit Market is very large. The type of trade will also affect how much capital and even the income of market traders, which will affect the welfare of market traders.

Type of trade is the type of goods or services that will be sold by traders in the market. Traditional markets have their own rules in determining the type of merchandise. This rule is related to the placement of trade locations according to the type of trade in a zoning pattern or grouping of trade types. The zoning pattern is applied to markets that have various types of merchandise.

Apart from that, other internal factors such as time, appropriate and flexible working hours also affect income. The willingness of workers to work long or short hours is an individual decision (Nicholson, 2011). The longer working time will certainly provide more opportunities to attract visitors who come and the short time tends to affect the trader's current income.

Micro, Small and Medium Enterprises (MSMEs) exist as a solution to a healthy economic system. Micro, Small and Medium Enterprises (MSMEs) are small businesses that can generate annual turnover of Rp200,000,000-Rp600,000,000 without including land and buildings and have 5 to 19 workers. Meanwhile, medium-sized enterprises are business entities with a maximum annual turnover of Rp200,000,000 to Rp10,000,000,000 excluding land and buildings with a workforce of 20-99 people who are carried out by individuals or business entities.

In general, MSMEs in the national economy have the following roles: 1)As a major player in economic activity, 2)The largest provider of employment, 3)An important player in local economic development and community empowerment, 4)Creator of new markets and innovation, and 5)Contribution to balance of payments (Departemen Koperasi dan UKM, 2012).

Income in economics is defined as the result of money or other material things that are achieved from the use of free human wealth or services. Income is a person's net income, either in cash or in natural form. Income or also known as income from a citizen is the result of sales from the production factors he has in the production sector.

The definition of a simple market that is often heard in the community, where the market is a meeting place for sellers and buyers to carry out buying and selling transactions of goods and services. The conditions for a market are: 1)There is a place to trade, 2)There are goods and services to be traded, 3)There are sellers of certain goods, 4)There are buyers of goods, and 5)There is a relationship in buying and selling transactions.

Traders are people who run a business selling, handicrafts, or small carpentry businesses (Sudirmansyah, 2011).

RESEARCH METHODS

This research is about the income of traditional traders in Berastagi Fruit Market, Karo Regency and the factors that influence it. The research location is carried out in the fruit market in Berastagi. The variables studied were working capital, length of business, type of merchandise and working time which were independent variables and the income of traditional traders of the Berastagi Fruit Market as the dependent variable.

The type of data in this research is primary data which is obtained directly in the field, namely to traditional traders in the

Berastagi Fruit Market. Primary data is in the form of direct data collected through interviews with respondents and using a tool, namely a list of questions.

The population in this study were traditional traders in the Berastagi Fruit Market. Traders data taken in the population of this study were 270 traditional traders in the Berastagi Fruit Market.

The sampling technique was carried out by simple random sampling (Sugiyono, 2003). The sampling method using the slovin formula (Umar, 2008). The sample in this study were 161 traders.

The test of the suitability of the statistical coefficient of each independent variable be it the t test, F test and the coefficient of determination can be calculated with the help of a computer through the Eviews 7 program.

RESULT
t Test

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

Table 1. Results of Regression for Working Capital, Length of Business, Type of Merchandise, Working Time

Variable	Probability	Information
X_1 (Working Capital)	0.0000	Significant
X_2 (Length of Business)	0.2921	Insignificant
X_3 (Type of Merchandise)	0.0000	Significant
X_4 (Working Time)	0.0000	Significant
Y (Income of Traditional Traders)		

Source: Research Results

Based on the hypothesis test criteria from Table 1, it can be seen that:

Working Capital (X_1)

The probability value for the working capital variable is 0.0000 at an error rate (α) of 5%, so it can be concluded that partially the working capital variable has a positive and significant effect (0.0000<0.05) on the income of traditional traders in the Berastagi Fruit Market in Karo District.

Length of Business (X_2)

The probability value for the length of business variable is 0.1326 at an error rate (α) of 5%, so it can be concluded that partially the length of business variable has a positive and insignificant effect (0.2921>0.05) on the income of traditional traders in the Berastagi Fruit Market in Karo District.

Type of Merchandise (X_3)

The probability value for the variable type of merchandise is 0,0000 at an error rate (α) of 5%, so it can be concluded that partially the type of merchandise variable has a positive and significant effect (0.0000<0.05) on the income of traditional traders in the Berastagi Fruit Market in Karo District.

Working Time (X_4)

The probability value for the working time variable is 0.0000 at an error rate (α) of 5%, so it can be concluded that partially the working time variable has a positive and significant effect (0.0000<0.05) on the income of traditional traders in the Berastagi Fruit Market in Karo District.

F Test

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

Table 2. F Test

Prob (F-Statistic)	Information
0.000000	Significant

Source: Research Results

Based on the above analysis, the prob value. F is 0.000000<error rate (α) 0.05. Thus, H_o is rejected and H_a is accepted.

This shows that working capital (X_1), length of business (X_2), type of merchandise (X_3), working time (X_4) simultaneously have a significant effect on income of traditional traders (Y) in the Berastagi Fruit Market in Karo District.

Coefficient of Determination

Table 3. Coefficient of Determination

R^2	0.7344

Source: Research Results

Based on Table 3, the results of the empirical model show that R^2 of 0.7344 is between $50<R^2<0.90$. This means that the model built on income of traditional traders which is determined by the variables of

working capital (X_1), length of business (X_2), type of merchandise (X_3), working time (X_4) is not good because $R^2=0.7344<0,90$.

The coefficient of determination (R Square) of 0.7344 provides information that together the variables of working capital (X_1), length of business (X_2), type of merchandise (X_3), working time (X_4) are able to provide variations in income of traditional traders variable by 73.4%, while the remaining 26.6% is explained by other factors not included in this research model.

CONCLUSION AND SUGGESTION
CONCLUSION

The results of this study indicate that working capital, length of business, type of merchandise and working time jointly influence the income of traditional traders in the Berastagi Fruit Market. Partially, working capital, length of business, type of merchandise and working time have a positive effect on the income of traditional traders in the Berastagi Fruit Market and all independent variables are in accordance with the hypothesis.

SUGGESTION

Based on the research results and conclusions above, the authors provide several suggestions, as a form of implementation of the results of this study as follows:

1. In connection with the business capital carried out by the Berastagi Fruit Market traders, it is necessary to regulate capital management, because most of the traders' capital comes from their own capital so it is necessary to separate income from trading with family income so that the business is sustainable. To overcome the problem of business capital, the participation of the community, government and third parties, in this case banks and other micro-finance institutions, is required to provide business capital assistance with soft and unsecured loans to the traders of the Berastagi Fruit Market.

2. In connection with the business time of the Berastagi Fruit Market traders, a training is needed for traders on excellent service, so that tourists will remain satisfied and do not turn to the modern souvenirs market. Traders are required to have a strategy in producing goods, a strategy in promoting goods, and a strategy for packaging goods to be sold so that they are more attractive. In addition, through training, it is hoped that it can increase business relations to develop the Berastagi Fruit Market business network.

3. With regard to the type of merchandise, traders in the Berastagi Fruit Market should maintain the main product types typical of Karo Regency and also sell more varied merchandise and also pay attention to the quality of goods sold because the Berastagi Fruit Market is a means of selling souvenirs and by tourists. both domestic and foreign, fruit markets also introduce regional agricultural products as well as local culture which make Karo Regency an attractive destination for tourists.

4. Based on the results of data analysis in this study, the work time factor of traders has a significant effect on the income earned by traditional market traders. Therefore, it is hoped that traders will increase their working time for trading in order to increase their income. But assuming the other influence variables remain.

REFERENCE

1. Badan Pusat Statistik. (2015). Karo Dalam Angka. BPS Kabupaten Karo.
2. Ghozali, Imam. (2006). Aplikasi Analisis Multivariate dengan Program SPSS. Cetakan Keempat. Semarang: Badan Penerbit Universitas Diponegoro.
3. Husein, Umar. (2008). Metode Penelitian Untuk Skripsi dan Tesis Bisnis. Jakarta. PT Rajagrafindo Persada.
4. Mankiw, N. Gregory. (2006). Teori Makro Ekonomi Terjemahan. Jakarta: PT. Gramedia Pustaka Utama.

5. Sawir, Agnes. (2001). Analisis Kinerja Keuangan dan Perencanaan Keuangan Perusahaan. Jakarta: Gramedia Pustaka Utama.
6. Sudirmansyah. (2011). Pengertian dan Jenis-Jenis Pasar. Accessed 12 September 2017 from http://www.sudirmansyah.com/artikel- ekonomi/pengertian-dan- jenis-jenis pasar.html.
7. Sugiyono. (2003). Metode Penelitian Bisnis. Edisi 1. Bandung: Alfabeta.
8. Sukirno, Sadono. (2002). Mikroekonomi: Teori Pengantar. Jakarta: PT Raja Grafindo Persada.

******