

Proceeding

by Saptaningsih Sumarmi

Submission date: 21-Feb-2021 07:50AM (UTC+0700)

Submission ID: 1513970760

File name: Proceeding_Seminar_Internasional_ICONS_2017.pdf (250.02K)

Word count: 1822

Character count: 10175

THE EFFECT OF LABOR SKILL, PRODUCT INNOVATION, CAPITAL ASSISTANCE TO INCREASE THE INCOME OF POTTERY CRAFTSMEN

Saptaningsih Sumarmi

Lecturer from Management Department, Faculty of Economics, PGRI Yogyakarta of University
saptaningsihsumarmi@gmail.com

Keywords

ABSTRACT

Labor skill
Product innovation
Capital Assistance
Increase the income
Pottery craftsmen

This reserch aims analyze the effect of labor skill, product innovation, capital assistance to increase the income of Pottery craftsmen in Kasongan Village, Kasihan district, Bantul regency. In this research used 100 sample data collected using non probability sampling. The data used were obtained through interviews and using questionnaires. The method used is quantitative reserach method, for the method of data analysis using multiple liniar regression analysis model. The data were analysis with Partial Least Square (PLS). The result showed that there are positive effect and significant is labor skill, product innovation, capital assistance to increase the income.

INTRODUCTION

The informal sector is one form of small and medium-sized micro enterprises (SME'S). That have characteristics such as the number of small business units on a small scale, individual or family ownership, simple technology, labor-intensive, low level of education, access to low financial instituytions, and lower wage rates of the formal sector. The informal sector opens opportunities for rural labor to avoid unemployment. The informal sector is concerned with the formal sector. The formal sector depends on the informal sector for provision of cheap inputs and the provision of goods to labor in the formal sector. The growth of the informal sector depends on the growth of the formal sector.

SME'S has an important and strategic role for the economic growth of an area even the country. At the time of the economics crisis occured in Indonesia, SMES is a sustainable economic sector (Suparmoko, 2009). Problem encountered in the development of SME'S are complex, accesibility of capital through banking, low capacity and market

diversification, low business margin, and low human development index.

Riyadi (2001), argues that issues that need attention are low productivity, lack of responsiveness to technological changes, and lack of capital. Inadequate market acces capabilities, market distribution channels have not run efficiently.

Literature Review

Aminudin (2003), in his study explains that the small industries that develop in Yogyakarta are able to support the development of the region. In fact, the small industry sector plays a role in employment, contribution to export value, and the value of domestic product.

The world bank (1990) dalam Korompis, conceptualizes the development of human resources quality concerning the development of activities in the field of training and education, health, nutrition, employment opportunities, healthy living environment, career development, and political life. The potential utilization yhat exists in the human ability bto do the job well and the skill level appropriate to working conditions will drive the

progress of every business (Sinungan, 1987). Thus the development of human resources is related to education and skills. Tambunan (1983), says that knowledge and skills enable people to work better. Through hard work, productivity will increase, income will also increase.

The role of small scale enterprises is still low in the regional economy due to difficult access to finance, difficulty obtaining raw materials and marketing. Not ready to face global competition, low access to information resources such as markets, technology and design (Nasution, 2003).

Sumarmi (2011), conducted a study of the effect of empowerment programs undertaken by the national labor force and transmigration of the farmer in Kulonprogo district. The results of the study show that empowerment program from the aspect of capital, training and development has an effort on income increase.

The hypothesis can be rephrased as follows:

- H1: Skill of labor has a significant positive effect on increasing the income of pottery craftsmen.
- H2: Product innovation has a significant positive effect on increasing the income of pottery craftsmen.
- H3: Capital assistance has a significant positive effect on increasing the income of pottery craftsmen.

RESEARCH METHODS

This research uses a quantitative approach. The survey targeted pottery craftsmen in Kasongan, Bangunjiwo village, Bantul district. The population of this study amounted to 365 craftsmen with 401 business units. The sample used is 125 craftsmen. Sampling technique using simple random sampling methods. Data collection methods using questionnaires.

Data are collected through a survey of pottery craftsmen.

Data Analysis Technique

The sample was then analyzed with the partial least square (PLS) technique. Chin (1998), we decided to use PLS since many of the question items were developed as formative rather than reflective indicators. The statistic of composite reliabilities were examined and the average variances extracted and correlation among constructs were compared to ascertain

the convergent and discriminant validity of the constructs (Cornell & Larcker, 1981).

The t-statistic generated by PLS were compared to the critical values of the t distribution to test the significance of the path between constructs in the structural model.

FINDINGS AND DISCUSSION

Findings

Measurement Model

The analysis of the measurement model is shown in table 1. Table 1 shows the internal consistency of each construct. Convergent and discriminant validity was assessed by applying two criteria. The square root of the average variance extracted (AVE) by a construct from its indicators was 0,5, and should be greater than the variance shared between the construct and others in the model, and standardized item loadings should be at least 0,6 with measurement item loading more highly on other constructs than the construct it intends to measure. The validity were confirmed.

The exploratory factor analysis (EFA) confirmed that the item loaded more strongly on their own latent construct than on others. Cronbachs alpha coefficient for the items under individual latent constructs were much larger than 0,7, indicating acceptable internal consistency. The composite reliabilities exceeded 0,8 as recommended by Cornell & Larcker (1981). The reliability were confirmed.

Structural Model

Figure 2 shows the result of data analysis. As hypothesized, labor skill is significantly associated with Increased Income (path coefficient = 0,607 ; t hitung =12,555). Product Innovation is significantly associated with Increased Income (path coefficient = 0,406 ; t hitung = 5,232). Capital assistance is significantly associated with increased Income (path coefficient = 0,29 ; t hitung = 3,300). Therefore, H1, H2, H3 supported. The square multiple correlation coefficient were 0,653 indicating that the model is sound in explaining the variations of the endogenous constructs.

Discussion

In summary this study has empirically supported the hypothesis that labor skill, product innovation, capital assistance would lead to increase the income of pottery

craftsmen. Labor has an important role in a company, and a skilled workforce will increase productivity, both quantity and quality of output by the company. Therefore, the owner of the company must be able to maintain and treat the labor in his company well.

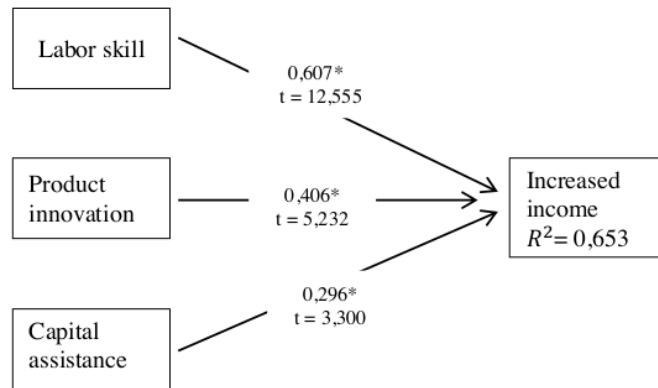
Consumer tastes always change. Variations of the shape and model of pottery should be tailored to the wishes of consumers.

The hypothesis of the influence of capital assistance on increasing the income of pottery craftsmen proved significant. This means that if the capital assistance to craftsmen is improved, then the craftment income will increase. Many small entrepreneurs are often hampered the development of their business due to lack of access to capital.

Table 1. Result of Internal Reliability, Convergent Validity, Consistence and Reliability Tests

Latent Construct	Item	Validity		Reliability	
		Factor Loading	AVE	Cronbach Alpha	Composite
Labor skill	LS 1	0,805	0,752650	0,889672	0,923927
	LS 2	0,880			
	LS 3	0,906			
	LS 4	0,875			
Product innovation	PI 1	0,690	0,690090	0,903623	0,928815
	PI 2	0,837			
	PI 3	0,874			
	PI 4	0,736			
Capital assistance	CA 1	0,627	0,831988	0,772200	0,868745
	CA 2	0,841			
	CA 3	0,925			
	CA 4	0,922			
Increased Income	II 1	0,692	0,723618	0,902594	0,936705
	II 2	0,823			
	II 3	0,852			
	II 4	0,885			
	II 5	0,881			
	II 6	0,769			

Source: Primary Data



*Significant at the 0.05 level

Figure 2. Result data analysis

CONCLUSION AND SUGGESTION

Conclusion

Based on the results of data analysis of the three hypotheses in the study proved significant. Labor skill, product innovation, capital assistance proved to have an effect on increasing the income of pottery craftsmen either partially or simultaneously.

Result of research indicate that all variable have an effect on to increase of income. This is in line with research conducted Korompis (2006) and Sumarni (2010).

Suggestion

For business owner, giving attention and feedback to labor will be able to build a long-term relationship. Morale, loyalty, dedication will be given labor to the company.

To further strengthen the vessel craft business, craftsmen must utilize the existing craft cooperatives. This effort needed so that pottery market potential can be channeled properly.

The real condition that occurs is pottery from Indonesia is still less competitive with porcelain products from China. To overcome this, it takes coaching and technological assistance from relevant department, in order to develop and introduce glazed pottery that has the same quality as porcelain.

The need for increased business capital for business scale increases, support from the

banking sector is required through the assistance of investment capital credit and working capital credit.

Therefore, the bank should facilitate the access of capital to craftsmen in order for them to get assistance funding for development his business.

REFERENCES

- Aminudin, T (2003). Studi Pengembangan Industri Kecil di Daerah Istimewa Yogyakarta, <http://pl.lib.itb.ac.id>, diakses 20 Juni 2003.
- Chin, W.W. (1998) Issues and Opinion on Structural Equation Modelling. *MIS Quartely*, 22(1)
- Fornell, C., & Lacker, d.f. (1981). Evaluating Structural Equations with Unobservable variables and measurement error. *Journal of Marketing Research*, 18.
- Korompis, Fransiska, R. 2006. Pemberdayaan Sektor Informal: Studi tentang Pengelolaan Pedagang Kaki Lima dan Kontribusinya Terhadap penerimaan PAD Kota Manado. Sumber dari Internet: www.Damandiri.or.id/details.php?id=337-21k
- Nasution, A., (2003). Strategi Pembangunan Ekonomi Baru. Makalah dipresentasikan Pada Konggres ISEI XV di Malang, 13 – 15 Juli 2003.

11

Sinungan, Muchdarsyah.1999. *Manajemen Dana Bank*. Edisi kedua, Bumi Aksara, Jakarta.

Riyadi, I.B. (2001). Perijinan dan Sertifikasi Industri Kecil dan Menengah. Makalah yang disampaikan pada Seminar Nasional di UGM. Yogyakarta

Sumarmi, Saptaningsih, 2011. Efektivitas Pemberdayaan Petani pengolah Tembakau di Kabupaten Kulon Progo. *Jurnal Kajian Bisnis* Volume 12, No. 2, 2011. 1237 – 1244.

Suparmono, 2009. Urgensi Business Development Services dalam Pengembangan Usaha Mikro, Kecil, dan Menengah di Indonesia. *Jurnal Telaah Bisnis* Volume 10, Nomor 1, Juli 2009. 77-89.

8

Tambunan, T. H. Tulus (2002), *Usaha Kecil dan Menengah di Indonesia, Beberapa Isu Penting*, Penerbit salemba Empat, Jakarta

Proceeding

ORIGINALITY REPORT

25%

SIMILARITY INDEX

13%

INTERNET SOURCES

22%

PUBLICATIONS

17%

STUDENT PAPERS

PRIMARY SOURCES

- 1** Law, C.C.H.. "An empirical study of the effects of knowledge sharing and learning behaviors on firm performance", Expert Systems With Applications, 200805 **5%**
Publication
 - 2** Younghwa Lee, Kenneth A. Kozar. "An empirical investigation of anti-spyware software adoption: A multitheoretical perspective", Information & Management, 2008 **4%**
Publication
 - 3** C LAW, E NGAI. "An empirical study of the effects of knowledge sharing and learning behaviors on firm performance", Expert Systems with Applications, 2008 **4%**
Publication
 - 4** Submitted to Universitas Pendidikan Indonesia **2%**
Student Paper
 - 5** Submitted to Universiti Teknologi MARA **2%**
Student Paper
-

"Abstracts", Basic & Clinical Pharmacology &

6	Toxicology, 2020 Publication	2%
7	www.ukessays.com Internet Source	1%
8	economicsbosowa.unibos.id Internet Source	1%
9	Submitted to University of Durham Student Paper	1%
10	eprints.mdp.ac.id Internet Source	1%
11	www.jurnal.unsyiah.ac.id Internet Source	1%
12	www.neliti.com Internet Source	1%

Exclude quotes On

Exclude matches < 1%

Exclude bibliography Off