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Assistance, Empowerment, and Productivity of Small Business in Bandar Lampung City, Lampung Province

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Abstract. The contribution and role of small business in economic development in Indonesia is important. Therefore, the Indonesian government pays great attention to this sector. This study aims to determine: 1) the relationship between the assistance of Small Business entrepreneurs (UMKM) and the empowerment of Small Business entrepreneurs (UMKM), 2) the relationship between the assistance of Small Business entrepreneurs (UMKM) and the productivity of Small Business entrepreneurs (UMKM), and 3) the relationship between the empowerment of Small Business entrepreneurs (UMKM) and the productivity of Small Business entrepreneurs (UMKM). This research was conducted in Bandarlampung City, Lampung Province from June to July 2020. This study used a survey method on 71 Small Business entrepreneurs (UMKM) in Bandarlampung City who were determined on purposive. Data analysis used of qualitative descriptive analysis and statistical analysis of Pearson Correlation. The results of this study indicate that 1) the assistance of Small Business entrepreneurs (UMKM) related most significant with the empowerment of Small Business entrepreneurs (UMKM), 2) the assistance of Small Business entrepreneurs (UMKM) related most significant with the productivity of Small Business entrepreneurs (UMKM), and 3) the empowerment of Small Business entrepreneurs (UMKM) related most significant with the productivity of Small Business entrepreneurs (UMKM).

INTRODUCTION

The main goal of a country's economic development to reducing poverty, unemployment and income inequality, it also opens up opportunity to the community in creating job opportunities in order to earn income to meet various primary, secondary, and tertiary needs of a society (Todaro, 2004). The economic crisis that occurred in 1997 – 1998 has provided an overview of the state of the Indonesian economy (Djaimi, 2010). During the economic crisis, the small business sector was able to survive and make a substantial contribution to the Indonesian economy. Small bussiness (UMKM) are proven to be resistant to crises for several reasons, namely they do not have foreign debt, do not have debts to banks and use a lot of local inputs so that they are able to penetrate international markets as well as create new markets and sources of innovation. According to the Ministry of Cooperatives and Small Business (2018), small business (UMKM) contribute a lot to economic growth in Indonesia. The contribution of the UMKM sector to gross domestic product (GDP) in 2018 increased by 3.26 percent from the previous year.

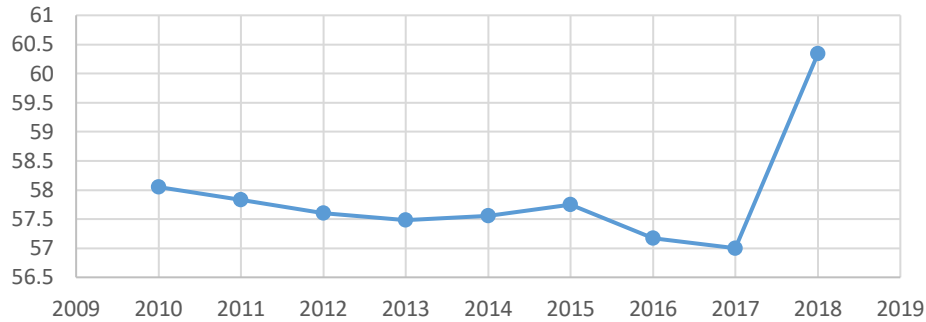


Figure 1. The Contribution of UMKM to Gross Domestic Production Indonesia at 2010-2018 (percent)

Lampung province has a large number of umkm, namely 767,467 units spread over 15 city/district areas (bps, lampung province, 2019). Therefore, to improve the ability of umkm, the Indonesian government through the ministry of cooperatives and small business established the national integrated business service (plut-umkm) so that umkm can be more developed and advanced. The assistance of umkm in the form of plut is expected to be able to increase economic development of Lampung province. One of the goals of empowering umkm according to Law No. 20 of 2008 is increasing the role of umkm in regional development, job creation, income distribution, economic growth and alleviating people from poverty. On the other hand, its umkm existence still has many obstacles and limitations both internally and externally. Therefore, a study on the effectiveness of plut-umkm assistance and the empowerment of business actors and their influence on umkm productivity needs to be carried out.

RESEARCH METHODS

This research was carried out on UMKM assisted by the Integrated Business Training Center (PLUT) in Lampung Province and UMKM business actors in Bandar Lampung City. The location determination was carried out purposively with the consideration that the UMKM assisted by PLUT from 2017-2019 the most in Bandar Lampung City.

The time of data collection was carried out in June-July 2020. The respondents used in this study were business owners assisted by PLUT in Bandar Lampung City as many as 71 people in the handicraft business category as many as 15 business actors, culinary business categories as many as 49 business actors and service industry business categories as many as 7 business actors. The data collection method used in this study is a survey method, namely research conducted to obtain factual facts and information from a sample or part of the population and using a questionnaire as a collection of research data. To determine the relationship between research variables using Pearson correlation statistic.

RESULTS AND DISCUSSION

Respondent characteristics

Based on age is classified, respondent are productive age (between 15-64 years old). Productive age is expected to have a positive influence on the effectiveness and level of empowerment of business actors in carrying out their business activities. The productive age of business actors is expected to be able to assist in the process of increasing productivity, added value, quality of work, product competitiveness and willingness to change, gain access, face obstacles and build cooperation and solidarity. Based on gender that female respondents 57.75% more than male and based on by business actors, the distribution of respondents based on the largest number of workers is in the household business category (43 household), the small business (25 people) and the medium business category with a workforce of 20 people is 3 people.

According to [1]), business turnover is the result of sales that have been made by the company or business actor in the previous time, and the sales proceeds generate money so that they get a profit from the sale of goods per unit. According to Law number 20 of 2008 concerning UMKM (micro, small and medium business), the classification of UMKM can be seen from the total annual sales turnover. Micro businesses have a maximum sales turnover of IDR

300 million per year. Small business sales turnover > IDR 300 million per year - IDR 2.5 billion per year. Medium business with sales turnover > IDR 2.5 billion - IDR 50 billion per year. Based on the results of the research, each year's total turnover from business actors assisting PLUT-UMKM has a different value. Based on the results of the study the largest annual turnover value which is Rp. 120,000,000 (million) and the smallest value is Rp. 10,000,000 (million). This study uses 71 respondents of business actors assisted by PLUT Bandar Lampung City who have various types of businesses and business activities. Types of businesses and business activities can be seen in Table 1.

Table 1. Distribution of business actors by type of business and business activity.

No	Type of business	Business activities	Business actors
1.	Craft	Tapis crafts, pottery, batik, handicraft, Souvenir	15
2.	Culinary	coffee, cakes and breads, chips, processed fish, herbs, processed chicken, honey	49
3.	Service	printing and tailor	7
Total			71

Assistance, Empowerment, and Productivity of Small Business

Factors that affect effectiveness and empowerment small business actors can be seen from several variables or factors. Factors that affect the effectiveness and level of empowerment of small business actors assisted by PLUT UMKM refer to the theoretical concept of [2]. Factors that affect effectiveness include environmental characteristics. In addition, [3] explains that the effectiveness of training includes training materials/contents, training methods, trainers, training participants, training facilities, and training evaluation. According to [4], factors that affect effectiveness include training facilities/media, competency of trainees, quality of content of teaching materials/training modules, accuracy of training methods, and quality of trainers. According to [5] stated that the infrastructure and quality of extension activities affect the empowerment of the target community for assistance. According to [6] explained that education on training materials, dissemination, facilitation, supervision, counseling counseling, monitoring have an influence on community empowerment.

The availability of facilitation facilities/media is the existing equipment and support available for the consultants in carrying out their duties and obligations. In this study, the availability of facilitation facilities/media was seen from several assessments, namely the adequacy of the facilities/media used, the quality of the facilities/media used, the readiness of the facilities, and the ease of accessing the facilities and infrastructure. The seen from this aspect showed that as many as 12 assistance activity participants stated that the availability of assistance facilities/media was in the less available category (16.90%), 27 assistance activity participants stated that assistance activity facilities/media were in the sufficient available category (38.03%), 30 people assistance activity participants stated that the facilitation facilities/media were in the available category (45.07%). The situation in the field shows that the number of facilitation facilities/media is sufficient.

Competence of assistance activity participants is the ability of fostered business actors in assessing the extent to which business actors understand PLUT-UMKM assistance activities. In this study, the competence of the assistance activity participants was seen from several assessments, namely the level of formal education, non-formal education, the level of knowledge of the participants and the motivation of the participants in participating in the assistencing. As many as 24 assistance activity participants stated that the assistance activity participants competence was in the low classification (33.80%), 18 assistance activity participants had the moderate classification (25.35%), 29 assistance activity participants had competency the middle classification, and in the high classification (40.85%). The based on the level of education, namely elementary school, junior high school, high school, diploma and holds a bachelor's degree the assistance activity participants are different. Likewise, the informal education that is followed varies for each participant, including entrepreneurship seminars, education and training from the government, training from public or private institutions, training / counseling to build UMKM.

The quality of the assistance consultant is the competence possessed by the assistant consultant whose job is to convey information and the implementation rules for PLUT-UMKM assistencing. In this study, the quality of the assistance consultant was seen from several assessments, namely the mastery of the material by the consultant, the

clarity of the consultant in conveying the available information, the ability of the consultant to build relationships/relationships, the duration of the consultant's activities in conveying material to the assistance activities participants and the ability to overcome problems possessed by the participants.

The based on assistance quality shows that as many as 6 people stated that the quality of the consultant was in the less qualified category (29.58%), 26 people stated that the quality of the consultant was in the moderately qualified category (33.80%), 39 people stated that the quality of the consultant was in the quality category (36.62%). The situation in the field shows that the mastery of the material by the consultant is quite good, it can be seen from the consultant who explains the material in a straightforward manner, the consultant understands and memorizes the material explained, the explanation of the material by the consultant is understood by the assistance participants. The consultant has the appropriate competence needed by the assistance participants because the consultant often participates in training held by the Ministry of UMKM.

[7] say that effectiveness means the degree to which a group achieves its goals. Furthermore, [8] say that effectiveness is a measurement in the sense of achieving goals or objectives previously determined. In this study, the effectiveness assessment refers to the objective of PLUT-UMKM assistance in the CIS SMEsCO [9]. Based on this, the effectiveness can be assessed by the level of productivity, level of added value, level of work quality and level of competitiveness of PLUT-UMKM actors. The research are the results of the effectiveness of PLUT UMKM assistance in Bandar Lampung City as a whole which are effective enough. Table 2 showed that effectiveness of PLUT-UMKM assistance in Bandar Lampung City.

Table 2. Effectiveness of PLUT UMKM assistance in Bandar Lampung City

No	Category	Amount	Percentage
1.	Low effective	22	30,99
2.	Enough effective	21	29,58
3.	Effective	28	39,44
	Total	71	100

Empowerment emphasizes the ability of a person or community, especially the vulnerable and weak to have access to resources that can increase their income so that they can meet their needs, and can participate in various development processes that can affect their lives [10]. Community empowerment is also defined as the process of providing information on an ongoing basis in accordance with the development of the target community so that there is a change from not knowing to knowing, from knowing to being willing, and from wanting to being able to implement introduced behavior [11]. According to the above theory, community empowerment can be interpreted as a society that has been empowered and able to take advantage of all the potential both within and around it well so that it is able to achieve its welfare. In this study, the assessment of the level of empowerment of business actors fostered by PLUT-UMKM in Bandar Lampung City refers to [12] theory based on 1) Ability to change, 2) Ability to gain access, 3) Ability to overcome obstacles, and 4) Ability to cooperation in group and solidarity. Table 34 shows that the level of empowerment of business actors assisted by PLUT UMKM as a whole is in the fairly empowered category. The following is a description of each indicator of the level of empowerment of business actors assisted by PLUT UMKM in Bandar Lampung City. The based on these four indicators, the level of empowerment of small business UMKM actors is included in the category of quite empowered. Table 3 showed that the level of empowerment of small business UMKM actors.

Table 3. The level of empowerment of small business UMKM actors.

No	Indicators	Category (%)		
		Low	Middle	High
1.	Ability to change	9,86	28,17	61,97
2.	Ability to gain access	9,86	57,75	32,39
3.	Ability to overcome obstacles	15,49	25,35	59,15
4.	Ability to cooperation group and solidarity	8,45	18,31	73,24

The related with the productivity level, the level of productivity is a degree that states how well resources are managed and utilized to achieve maximum results. In this study, the level of productivity is seen from several

assessments, namely the quality of the input used, the quality of the equipment used and how fast the business actor prepares the product.

Table 4 below shows that as many as 8 people say the productivity level was in the low classification (11.27%), 11 people stated the productivity level was in the medium classification (15.49%), 52 people stated the productivity level was in the high classification (73.24 %). This is reinforced by the situation on the ground showing that the assistance activities participants have known good quality in selecting inputs/materials for business implementation, namely by selecting the source of raw materials that used, inspection during the purchasing process, handling when transporting the material/input and handling in the storage process so that the material/input can be stored and used for a long time. Likewise, choosing good quality equipment in supporting activities, namely the equipment used must be practical, can reduce the cost of carrying out work, can be used easily and flexibly, not easily damaged and most importantly can be used by business workers. The length of production depends on the type of business and the business activities of each business actor. This type of craft business usually takes longer to complete the resulting product such as making masks, clothes tapis, intestinal embroidery which takes more than seven working days to be ready for the market. This is different from the type of culinary business which is usually ready to be marketed within one working day because it uses fresh inputs and is easily damaged if not used immediately. This type of service business, such as making shirts, screen printing, billboards, and printing takes two to six working days for the product to be ready to be marketed. Table 4 showed that the level of productivity of small business UMKM actors.

Table 4. The level of productivity of small business UMKM actors in Bandar Lampung City.

No	The level of productivity	Small business actors (person)	Percentage
1.	Low	22	30,99
2.	Medium	21	29,58
3.	High	28	39,44
	Total	71	

To determine the relationship between assistance, level of empowerment small business actors, and productivity of small business UMKM actors, this study used the Pearson Correlation test. Based on the test results, it appears that there is a relationship between assistance, level of empowerment of small business UMKM actors, and productivity level obtained. Table 5 showed that the related of assistance, level of empowerment of small business UMKM actors, and productivity level obtained of small business UMKM actors.

Table 5. The related of assistance, level of empowerment of small business UMKM actors, and productivity level obtained of small business UMKM actors

Correlations				
		The level of empowerment small business UMKM actors	Assistance	Productivity
The level of empowerment small business UMKM actors	Pearson	1	.887**	.652**
	Correlation			
	Sig. (2-tailed)		.000	.000
Assistance	N	71	71	71
	Pearson	.887**	1	.471**
	Correlation			
Productivity	Sig. (2-tailed)	.000		.000
	N	71	71	71
	Pearson	.652**	.471**	1
	Correlation			
	Sig. (2-tailed)	.000	.000	
	N	71	71	71

** . Correlation is significant at the 0.01 level (2-tailed).

CONCLUSION

Based on the research result showed that 1) the level of empowerment of small business UMKM actors is included in the category of quite empowered, 2) the competence of the assistance small business UMKM consultant is quite qualified, 3) the productivity of small business UMKM actors is between medium and high but quite a lot is still relatively low, 4) the assistance of Small Business (UMKM) actors related to the empowerment of Small Business (UMKM) actors, 5) the assistance of Small Business (UMKM) actors related to the productivity of Small Business (UMKM) actors, and 6) the empowerment of Small Business (UMKM) actors related to the productivity of Small Business (UMKM) actors, and 7) there are a relationship between assistance activities, the level of empowerment small business UMKM actors, and the productivity of small business UMKM actors.

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