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DEMAND OF LABOUR AT MSMES IN BANGLI

M. Rudi Irwansyah, Komang Krisna Heryanda, Ni Made Dwi Ariani Mayasari

Faculty of Economic, Universitas Pendidikan Ganesha, Bali Indonesia. Jalan Udayana No. 11 Singaraja, 81116
Email : rudi.irwansyah@undiksha.ac.id

ABSTRACT

Bangli is a district in the Province of Bali that has 2,294 Micro, Small and Medium Enterprises (MSMEs). The demand for labor in this sector is influenced by various factors, both financial and non-financial. The study was conducted through a quantitative approach with a questionnaire method. The sample used 314 respondents, analyzed using factor analysis. The results showed that the factors of salary, technology, productivity, quality of labor, and capital facilities affect the demand for labor in the Micro, Small and Medium Enterprises (MSMEs) of BanglI, Indonesia. The most dominant factor affecting labor demand in the Micro, Small and Medium Enterprises (MSMEs) of Bangli Regency is the salary.

Index Terms — the demand of labor, Micro Small and Medium Enterprises, Salary.

INTRODUCTION

The existence of industry has very important benefits in improving the economy in an area, because with the industry it can hire quite a lot of labor. Industry has a role as a leading sector, meaning that with industrial development it will spur and promote the development of other sectors such as agriculture and services . Micro, Small and Medium Enterprises (MSMEs) are one of parts that can improve the economy. According to The Law Number 20 of 2008 about Micro, Small and Medium Enterprises, MSME is a productive economic activity that is created by itself or a group that is not part of an industry owned, with total annual marketing assets as set in the law. In Indonesia, MSMEs have a strategic role and a very large contribution to the national economy by contributing 53.3% of total Gross Domestic Product (GDP) [1]. In addition to providing benefits to economic growth, MSMEs are also able to increase the amount of income. MSME is able to prove its existence in Indonesian economy. During the economic crisis to date, the existence of SMEs is able to be the main driving factor of the Indonesian economy. According to [2] the function of the existence of MSMEs is seen by the existence of this enterprise can reduce unemployment. The increase of MSMEs is a method that is considered to have many benefits in the industry. The increase in small industries wants to help solve the unemployment problem, considering the technology used is labor intensive technology.

MSMEs is one of the community's small businesses that is formed based on someone's ideas. Small industrial development is an effort that is considered to have a role in the development of industrial improvement [3]. Empowering MSMEs is an important part of building a community's economy with the aim of creating a prosperous society. The development of MSMEs is increasing the quantity of units busniness and the potential they have not been offset by the prevalence of quality improvement [4]. But there are still many people who say that MSMEs only give adventages for certain people. Unbeknownst, SMEs can absorb labor caused by labor demand. SMEs have an important role to empower natural resources so that they have a use value, so that a natural resource can be made as an object that has quality and benefits, thereby providing employment opportunities for unemployed workers.

Unemployment is a macroeconomic problem that affects humans directly and unemployment is one of the serious problems [5]. According to [6], unemployment is a labor problem that afflicts in Indonesia. This problem is very serious so that in every schedule of economic development the community is often said for the purpose of reducing unemployment.

Unemployment usually occurs along with economic development in the country. Where if the economic development in a country increases it will also increase the production of goods and services in that country and will also increase the demand for labor, and vice versa the lower economic growth in a country will cause the amount of production of goods and services will be lower and

unemployment will increase. Unemployment is related to the availability of job vacancies in the workforce. The higher the job vacancies, the greater the chances of job seekers. Nowadays, unemployment in Indonesia is not only caused by the economic crisis, but it is caused by an increase in the workforce that is not balanced over the existing job openings [6]. According to Arida and Agustina (2015), unemployment arises due to lack of job vacancies. Given the large number of unemployed and the majority of unemployed who do not have a high educational foundation to get a job, MSMEs can provide great opportunities for residents who do not have a high education bacground or small community. According [7] education and training is one of the significant aspects in improving Human Resources (HR). Education and training is not only increasing knowledge, but can increase work skills, so it can increase the quality of the workforce.

One important aspect that must exist in a company is labor. Labor in national development is the main aspect that decides the pace of economic development both in its position as a productive worker or consumer [8]. According to [9] labor is a community of working age and the number of all people in a country that can create goods and services whenever there is a demand for their services, along with if they want to be involved in these activities. The forms of worker are firstly, educated workerswho have expertise in certain fields, obtained by following the level of education, secondly trained workers are workers who have skills in certain fields obtained by following training or obtained from work experience, thirdly workers who have no education and no experience or are not trained are workers who do not have special skills or special expertise, but these workers only rely on their physical strength. According to [10] labor in national development in a country is an important aspect that will decide the pace of economic development both as employees and consumers. Theoretically, labor is human resources that are used with the aim of achieving something that has been planned. Human Resources (HR) has an important function where HR is used as a determining aspect. HR has two criteria in determining quality, the first is the physical aspect of strength in HR in carrying out a job and the second is the non-physical aspect, which concerns the mind, knowledge and skills. According to [11], workers or people of productive age 10 years and over have various attitudes. In relation to the labor market, their character is divided into two groups, namely those who play an active role as the economy and those who are not active. The labor force is an active category as an economic group, the people who propose labor and are able to get it, and the people who propose workforce on the labor market but have not been able to get it. That way the labor force can be said to replace the labor supply which can be said to be the Supply of labor.

Labor is one of the most complex and large issues. Complicated because the problem affected and influenced by various aspects that are equally related and also the examples that are not easy to understand. It becomes a big problem because of involving a lot of people. Increasing population growth will cause the labor force to increase and cause more people to find work. According to [12] employee demand relates to the quantity of employees needed for certain industries and entities. Labor demand is a link between salary quality and the number of employees needed and the links are generally negative. In relation to labor, employee demand is a link of the level of wages to the number of employees desired by a company [13]. Therefore labor demand is defined as the large number of employees who are asked to do a job by the company from each alleged wage level using a certain period of time. The demand for labor can be carried out by people in the company or by the labor market which symbolizes the combination of all individual companies [14]. According to [12] the demand for labor has the nature of derived demand, which means that the demand for labor from entrepreneurs is determined by the demand for the product produced. So in order to keep the employees used by the company, it must maintain that the public demand for products produced by the company remains consistent and if possible is expected to increase. If the consistency of the demand for the company's products can be maintained and is possible to export, and able to compete in domestic and foreign trade, so that industry demand for employees can be maintained. The elasticity of labor demand is determined by aspects that might replace labor using other aspects of production, the flexibility of labor demand for products produced and reserve elasticity for other additional factors of production. The lower opportunity to replace capital with labor, the lower flexibility of labor demand. If there is an increase in the flexibility of demand for products and services produced, thus increasing the elasticity of demand for labor and the higher the provision of additional factors on production [12].

The labor demand function is a function by describing the relationship between employee salary changes provided by industry and the total number of employees utilized by the industry in producing goods [14]. According to [6], labor demand is influenced by five factors, namely the level of wages, technology, productivity, labor quality and capital facilities. The definition of each factor is that first, Wages is an income as remuneration obtained from employers for workers as remuneration for work and services provided in the form of money that has been promised based on an agreement or legislation and given on the basis of a work agreement between business owners and employees counted for benefits, both for employees and their families [11;15]. Both technologies are a transition to the visible role of production in production methods, as well as supporting aspects of the role of production from the role of production [16].Third, productivity is the level of achievement of labor in creating products at a certain time [11]. Fourth, the quality of labor, the basis of education and work experience are factors of labor quality. Fifth, capital facilities is the first aspect of a production process, just as other aspects of capital in this case contain costs [17]. Aspects that affect the labor demand are factors of labor wages, product sales and interest rates [18].

Bangli Regency is one area that has quite a lot of MSME potential, based on data obtained from the Department of Cooperatives and MSMEs in Bangli Regency in 2018 which already has a permit namely, in 2017 the number of MSMEs was 1,616, and in 2018 increased to 2,294 MSMEs. In general, MSMEs increase 3 percent per year. With adequate MSMEs, they should be able to open up employment opportunities for workers who are still looking for work or unemployed. But in reality the demand for labor at

MSMEs in Bangli Regency is not yet optimal. This can be seen from the high level of unemployment. Based on 2018 data obtained from the Central Statistics Agency of Bangli Regency, in 2017 the number of unemployed amounting to 686 people, while in 2018 the number of unemployed increased to 1,175 people.

METHOD

This study used a factorial design. Based on data obtained from the Dinas Koperasi dan UMKM which are the authorities that govern cooperatives and MSMEs, there were 2,294 of MSMEs. The sampling technique used in this study was the Slovin formula.

$$n = N/(1 + Ne^2)$$

Description :

n = size of sample
N = population
e = error / percentage of inaccuracy caused by sampling errors that can still be tolerated. In this study using 5% for critical values.

Based on the formula above, the following research sample will be obtained.
N= 2.294
e= 0,05
n = 2.294/(1+2.294 〚(0,05)〛^2)
n = 2.294/(1+2.294 (0,0025))
n =2.294/(1+5.735)
n = 2.294/6,735
n = 340.6 fulfilled to 341, So that the samples obtained in this study were 341 MSMEs.

The data used in this study are primary and secondary data. Primary data were collected from respondents using a questionnaire that was filled by the community it self who carried out a business in the MSME sector, and secondary data was obtained from documents at the Dinas Koperasi dan UMKM in Bangli in the form of MSME data that already has a permit.

Data collection techniques used were questionnaires and documentation, the type of questionnaire used was a closed questionnaire that was used to obtain relevant information, where the answers have been prepared by researchers and the respondent's job was just to choose them. So as to obtain data on factors that affect labor demand. Documentation was used to obtain data in the form of people who run businesses in the MSME sector.

The instrument used was a questionnaire using a Likert scale in order to measure the factors that influenced the labor demand and the most dominant factor affecting the labor demand. Previously, the questionnaire was tested using a validity test and a reliability test.

The data is processed using factor analysis which consists of several stages, namely, making a matrix, determining the number of factors, factor rotation, factor interpretation and determining the accuracy of the model and with the help of SPSS for Windows version 16.0..

RESEARCH RESULTS AND DISCUSSION
A. Factors That Affect Labor Demand in Micro, Small and Medium Enterprises (MSMEs) in Bangli

The initial step in factor analysis is to measure the adequacy of the sample to find out whether the sample is suitable for inclusion in the next analysis. In order to measure the adequacy of the sample using the Kaiser-Mayer-Olkin (KMO) coefficient, where the minimum KMO value is 0.50. The KMO test results can be observed in table 1.

Table 1. Result Of Kmo *And* Bartlett's *Test*

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.747
Bartlett's Test of Sphericity	Approx. Chi-Square	585.153
	Df	10
	Sig.	.000

Source: SPSS Output

From the results of the analysis in table 1, the result of KMO Measure of Sampling Adequacy is 0.747> 0.50, which means that the variables have a relationship so that the factor analysis in this study can be used to analyze the data obtained. The Test of

Sphericiy testing obtained significant results with a level of 0,000 < 0.05, meaning that the correlation matrix has a significant correlation with the number of variables.

The results of the SPSS output on the Anti-image Matrices table are used to find out the appropriate factors used in factor analysis. Code "a" contained in the SPSS output on Anti-image Matrices which means the symbol on the Measure of Sampling Adequacy (MSA). To find out whether factors or variables can be used in the analysis, the variables must have an MSA value > 0.50. The MSA value of each variable can be observed in table

Table 2. Measure Of Sampling Adequacy (Msa) Values

Factor	MSA Value > 0.50	Decision
Wage Rate	0,673 >0,50	analysis continued
Technology	0,858 >0,50	analysis continued
Productivity	0,730 >0,50	analysis continued
Quality of Labor	0,922 >0,50	analysis continued
Capital Facilities	0,837 >0,50	analysis continued

Source: SPSS Output

Based on these results in table 2 it can be seen that the 5 variables can be used because they already had an MSA value nilai 0.50. Furthermore, to find out the factors that influence labor demand at MSMEs in Bangli Regency, it can be seen from the percentage value of each factor in table 3 below.

TABLE 3. Total Explainned Variance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
Wage Rate	2.825	56.491	56.491	2.825	56.491	56.491
Technology	.106	2.111	58.572			
Productivity	.962	19.240	77.812			
Quality of Labor	.283	5.667	83.479			
Capital Facilities	.824	16.490	100.000			

Source: SPSS Output

From the results of the SPSS output using extraction method in table 3 that the eigenvalues for the wage level factor show 2,825 with a vairance value of 56.491%, eigenvalues for the technological factor of 0.106 with a variance value of 2.111%, eigenvalues for the factor of productivity with a value of 0.962 with a variance value of 19.240%, eigenvalues for a factor of labor quality with a value of 0.283 with a variance rate of 5.667% while the eigenvalues of capital facility factors amounted to 0.842 with a variance value of 16.490%. Thus it can be concluded that these factors affect labor demand.

Factors that were able to explain labor demand in MSMEs can be addressed through factor extraction. Factor extraction can be explained by the total percentage of each main factor. The main factor in this study was the level of wages with the amount of egenvalue > 1. Distribution of the dimensions that had not been rotated into the formed factors can be observed in the Roated Compenent Matrix in table 4.

Table 4. Factors That Explain The Demand Of Workers In Msmes

Factor	Eigenvalue	Explained of Varince (%)	Loading Factor
Wage Rate	2.825	56.491	0.946
Technology	.106	58.572	0.307
Productivity	.962	77.812	0.924
Quality of Labor	.283	83.479	0.485
Capital Facilities	.824	100.000	0.846

Source: SPSS Output

Table 4 shows the factor that has an egenvalue > 1 is the wage level factor. Explained Variance value of the wage rate factor is able to explain at 56,491%. therefore, 56,491% of all variables can be explained by 1 factor. The wage level factor has a Variance Explained value of 56,491%, this means that the wage rate affects the demand for labor in Micro, Small and Medium Enterprises in Bangli.

To determine the name of the factors that have been formed for each factor is subjective, most of the variables that have the highest loading factor value are used to give the factor name. The loading factor values can be observed in table 5.

Table 5. *Roated Component Matrix*

Component Matrix[a]	
	Component
	1
Wage Rate	.946
Technology	.307
Productivity	.924
Quality of Labor	.485
Capital Facilities	.864

Source: SPSS Output

Based on table 5, the factors that are formed from factors of wage level, productivity, capital facilities, labor quality and technology. Each factor group has the highest loading in each component, namely the wage level factor of 0.946, technological factor of 0.307, productivity factor of 0.924, labor quality factor of 0.485 and capital facility factor of 0.864.

B. The most dominant factor influences the demand for labor in MSMEs

To determine the dominant factor affecting the labor demand at MSMEs in Bangli Regency, it can be determined using the varimax coefficient parameter. In order to see the value, it can be seen in the summary rotation of the varimax rotation value in table 6.

Table 6. Rotation Matrix Factor Analysis Results

The most dominant factor influencing labor demand in MSMEs	Varimax Rotation (%)
Wage Rate	56.491

Source: SPSS Output

Based on table 6 it is known that what affects labor demand at MSMEs in Bangli Regency was dominated by the wage level factor, with a varimax rotation of 56.491%. This means that the clarity of dimensions or factors that affect labor demand at MSMEs in Bangli

regency was the most dominant, amounting to 56.491%.

DISCUSSION

From the analysis it can be seen that the demand for labor at MSMEs in Bangli Regency was influenced by factors of salary, technology, productivity, labor quality and capital facilities. This situation was consistent with the opinion expressed by [13] that labor demand is influenced by the level of wages, technology, productivity, quality of labor and capital facilities. So to explain the factors that influence MSME demand in Bangli Regency, it can be observed in factors that have an Egenvalue value of more than one.

The demand for labor at MSMEs in Bangli Regency was predominantly affected by wage levels. This happened because wages are an important aspect of labor, where wages are income given to workers for work done. Wages obtained will then be used to meet the living activities of employees and their families. However, the majority of MSMEs in Bangli Regency still use a piece rate system so that the wages earned by employees are not fixed, so employees choose to find other jobs that can meet the needs of employees and their families. Wages have a very important function, because wages can be able to increase employee morale when carrying out work and can make it easier to get new employees to work at the company. In SMEs the business owner wants to add employees if the wage level is low. This is in line with the opinion put forward by [13] that the greater the level of wages, the smaller the demand for labor needed, while the smaller the level of wages, the less the required labor. The results of this study are in line with research [6] that labor demand is influenced by wages. So in this case it is expected that the community who runs a business in the field of MSME can adjust wages given to workers based on work done in order to meet the needs of employees. In line with Law No. 13 of 2003 that the amount of basic wages and benefits is as low as 75% of the amount of basic wages and fixed benefits. With this system in place, it can increase employee morale in carrying out work and facilitate the recruitment of new employees in the company.

CONCLISION

Workers in Micro, Small and Medium Enterprises (MSMEs) in Bangli Regency are influenced by factors of wage levels, technological factors, productivity factors, labor quality factors, and capital facility factors. The demand for labor at MSMEs in Bangli Regency is dominantly influenced by wage level factors with an egenvalue value of 2,825> 1 and with a varimax value of 56,491%.

For people who are running the MSME business, this research can be used as a suggestion for their business. Where in this study the demand for labor at MSMEs in Bangli Regency was dominantly influenced by Wage level factors. Therefore, people who run MSME businesses are expected to be able to adjust wages given to employees based on work done in order to meet employee needs. For other researchers who are researching about labor demand it is suggested to be able to broaden the scope of research by adding research variables and research objects, where not only MSMEs but can also be in larger companies.

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