



***FACTORS AFFECTING THE DEVELOPMENT OF MEDIUM SMALL  
MICRO ENTERPRISES (MSMEs) IN MAWAN VILLAGE, MANDOBO  
DISTRICT, BOVEN DIGOEL DISTRICT***

**Liborius Gaza <sup>\*</sup>, Muh Asdar<sup>2</sup>, Jusni<sup>3</sup>**

Magister Management, Faculty of Economics and Business, Hsanuddin University 1; [e-mail@e-mail.com](mailto:e-mail@e-mail.com)  
Faculty of Economics and Business, Hasanuddin University; [masdar\\_feunhas@yahoo.com](mailto:masdar_feunhas@yahoo.com)  
Faculty of Economics and Business, Hasanuddin University; [jusni\\_mju@e-mail.com](mailto:jusni_mju@e-mail.com)

**Abstract**

This study focuses its attention on the factors that affect the coaching and development of MSMEs. The research method used in this research is a quantitative approach. This research was conducted in Mawan Village, Mandobo District, Bouven Digoel Regency. The research conducted was estimated to be around 3 (three) months. In this study the population is all MSMEs in Mawan Village, Mandobo District, Bouven Digoel Regency, totaling 42 MSMEs. So in this study the sample used was 38 MSMEs. Respondents were selected using nonprobability sampling techniques which did not provide equal opportunities for each element or member of the population to be selected as samples. The research instrument used was a questionnaire, namely a number of written questions used to obtain information. Before the questionnaire was used, it was tested for validity and reliability, testing the classical assumptions, and testing the hypothesis. Variable of freedom of mobility, variable of ability to buy commodities, variable of economic security, and variable of legal and political awareness partially have a significant effect on the development of MSMEs.

Keywords: UMKM, Freedom of Mobility, Ability to Buy Commodities, Economic Security, Legal and Political Awareness.

**PRELIMINARY**

The implementation of village empowerment programs requires other supporting programs, such as the Village companion program, the Strategy for the Eradication of Underdeveloped Villages to Develop and Developing Villages to become Independent and the Cooperative Empowerment program. Related to the Village companion program, the program must include the optimization of Village assistance by involving Regional Work Units (SKPD) at the District, Regency and Provincial levels as well as Ministries and Institutions (K / L). The recruitment process, training and assignment of Village assistants at the Village, District and Provincial levels are carried out in stages by each Region based on the rules (NSPK) set by the central government and provide space for community participation in evaluating the performance of the assistants.

To improve the welfare of rural communities and the quality of human life as well as alleviate poverty, the priority for the use of Village Funds is directed at the implementation of Village Development programs and activities. Micro, small and medium enterprises (UMKM) are business actors engaged in various business fields, which touch the interests of the community. Based on data from BPS (2003), the population of small and medium enterprises (UKM) has reached 42.5 million units or 99.9 percent of all business actors in the country. SMEs made a significant contribution to employment, amounting to 99.6 percent. Meanwhile, the contribution of SMEs to Gross Domestic Product (GDP) was 56.7 percent.

However, from a number of reasons such as the above, it is still not enough to be the basis for the belief that MSME actors will find it easy in applying for business capital credit facilities to credit institutions, both banking and non-banking. Until now, there are still many MSME players who experience problems in applying for business loans.

Kampung Mawan in Mandobo District is one of the areas that has received less attention in terms of fostering and developing MSMEs. This area is indeed a village that has been touched by government programs, namely rural community empowerment programs through the Office of Cooperatives, Small and Medium Enterprises, Industry and Trade in the Development of Micro, Small and Medium Enterprises aimed at MSMEs, however, the community has not been able to individually and in groups develop their efforts. It can be seen that there are still many groups of people who have not experienced significant changes in their economic situation.

The thing that most influences the development of MSME business actors is the human resources (HR) itself. The ability of human resources in managing a business is an important factor. Human resources who have planning, ideas and concepts, and the ability to read opportunities will provide greater opportunities in business development. Kampung Mawan in reality still really needs strong and resilient human resources in managing and developing micro small businesses. Agricultural products such as durian or home businesses such as noken and bags require management from creative hands. Therefore, the existence of qualified human resources is the main focus of the district government in developing this region or region.

## LITERATURE REVIEW

### Previous Research

Relevant previous research is aimed at obtaining comparison and reference material, and to avoid the assumption of similarity with this research, the researcher includes the results of previous research.

Dani Danuar Try (2018) entitled "Development of Micro, Small and Medium Enterprises (Ukm) Based on Creative Economy in Semarang City ". The Thesis of Diponegoro University Semarang, Faculty of Economics and Business, describes various information related to creative economy-based MSMEs in Semarang City in order to formulate solutions for their development. Creative MSMEs are considered capable of developing Human Resources armed with knowledge, creativity, innovation and capable of developing employment opportunities. However, creative MSMEs in the city of Semarang are still unable to provide a special title for this city.

Sinon Yulianus (2018), " Factors Affecting the Development of Small and Medium Enterprises (MSMEs) in South Sorong Regency, West Papua Province ". Gajah Mada University Journal analyzes the factors that influence the development of small and medium enterprises (UKM) in South Sorong Regency, West Papua Province. The research sample used was 30 small businesses in South Sorong Regency. The objectives of this study are (1) to analyze the performance of small and medium enterprises (UKM) in South Sorong Regency; (2) formulating strategies in the development of small and medium enterprises (UKM) in South Sorong Regency; (3) to analyze the factors that influence the development of small and medium enterprises (UKM) in South Sorong Regency, West Papua Province. Based on the results of the analysis, it is concluded that (1) the identification of the strengths of SME development in South Sorong Regency are (a) The source and amount of Otsus funds for the development of UKM; (b) NGO / NGO support for SMEs; (c) Abundant natural

resources; (d) market opportunities open; (e) open business opportunities; (f) physical and non-physical SME work environment.

### Definition of Empowerment

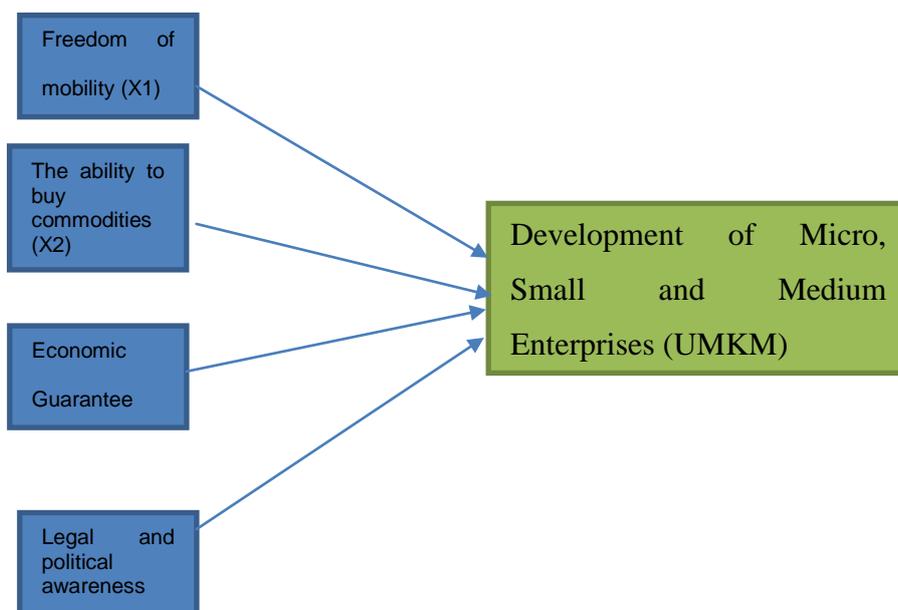
Empowerment is a term that indicates the existence of a form of activity to carry out an activity or meaningful activity to build or implement something well. Empowerment is a process of taking the initiative to start a social activity process to improve one's own situation and condition. In the context of government, empowerment is defined as a development process in which the government takes the initiative to initiate a social activity process to improve the situation and condition itself. Government empowerment can only occur if its members participate

The term empowerment in development is always associated with the concept of self-reliance, participation, networking, and justice. Basically, empowerment is placed on the strength of the individual and social level

### Definition of UMKM

Micro, small and medium enterprises (MSMEs) play important roles in economic development and growth, not only in developing countries (NSB), but also in 20 developed countries (NM). In NM, MSMEs are very important not only because these business groups absorb the most workers compared to large enterprises (UB). In NSB, particularly Asia, Africa and Latin America, MSMEs also play a very important role, especially from the perspective of employment opportunities and sources of income for the poor, income distribution and poverty reduction. As well as rural economic development (Tambunan, 2012: 1). Tambunan added, seen from its contribution to Gross Domestic Product (GDP) and Non-Oil and Gas Exports, especially manufactured products, and technology innovation and development, the role of MSMEs in NSB is relatively low,

Framework of Mind :



## RESEARCH METHODS

### Approach and Type of Research

The research method used in this research is a quantitative approach. What is meant by

quantitative research, namely research in which researchers only develop concepts and collect facts, but do not test hypotheses and study one case which is carried out intensively, in-depth, in detail and comprehensively (Sugiyono, 2013: 54).

### **Time and Location of Research**

The author conducted research in Mawan Village, Mandobo District, Bouven Digoel Regency. The research conducted is estimated to be about 3 (three) months including preliminary research, preparation of research proposals, research proposal seminars to seminars on research results.

### **Population and Sample**

In this study the population is all MSMEs in Mawan Village, Mandobo District, Bouven Digoel Regency, totaling 42 MSMEs. So in this study the sample used was 38 MSMEs or 38 respondents for the entire sample of UMKM. Respondents were selected using nonprobability sampling techniques which did not provide equal opportunities for each element or member of the population to be selected as samples.

### **Data collection technique**

The data collection procedure was carried out in two stages, namely:

- a. The first stage is carried out through literature study, namely by collecting data or literature from the results of research that has been carried out to get a general picture and planning the appropriate form of analysis to solve the problems at hand.
- b. The second stage is carried out by collecting primary data through structured interviews, namely by holding questions and answers, using a previously prepared questionnaire directly to the respondent and secondly through observation, namely by conducting direct observations in the field of the sample in Jair District, Boven Digoel Regency.

### **Research Instruments**

The research instrument used was a questionnaire, namely a number of written questions used to obtain information. Before the questionnaire was used, it was tested for validity and reliability.

#### **Validity test**

Validity shows the extent to which measuring instruments can measure what will be measured. In other words, a test or measuring instrument can be said to have high validity if the tool performs its measuring function or provides measurement results that are in accordance with the purpose of the measurement.

#### **Reliability Test**

Reliability is an index that shows the extent to which a measuring device can be trusted or relied upon. If a measuring device is used twice to measure the same symptoms and the measurement results obtained are relatively consistent, then the measuring device is reliable. Or in other words, reliability shows the consistency of a measuring device in measuring the same symptoms.

#### **Classic assumption test**

##### **a. Multicollinearity**

One of the assumptions of the classical linear regression model is that there is no multicollinearity between the independent variables in the model or it can be said that there is no perfect linear relationship between the independent variables in the model. The notion of multicollinearity is the occurrence of perfect or imperfect correlation but relatively very high in the independent variables in this study.

#### **Heteroscedasticity**

In detecting the presence or absence of heteroscedasticity symptoms, there are several methods

that can be used, such as the Graph, Park, Gleyser, Barlett and Rank Spearman methods. In this study, the Rank Spearman method was used. By using this method the symptom of heteroscedasticity will be indicated by the high  $r$  of each independent variable.

The heteroscedasticity multiple regression assumption test aims to test whether in a regression model there is an inequality of the variance of the residuals from one observation to another. If the variance of the residuals from one observation to another is constant, it is called homoscedasticity, and if the variance is different, it is called heteroscedasticity. A good regression model does not occur heteroscedasticity.

Normality test is done to test whether in a regression model, the dependent variable, the independent variable or both have a normal distribution or not. A good regression model is normal or near normal data distribution (Santos: 2002).

### **Data analysis method**

Data were analyzed using Linear Regression Analysis, which is the method used to see the level of influence of independent variables on the dependent variable, either simultaneously or jointly or partially. Research it uses the formula multiple linear regression. Multiple linear regression analysis is an extension of simple regression analysis. Its use is to predict the value of the dependent variable (Y) if the independent variable (X) is two or more.

However, to facilitate multiple regression analysis, researchers used calculations with SPSS 16.0 for windows.

## **RESEARCH RESULT**

### **Hypothesis testing**

#### Hypothesis 1

From the calculation results, the  $t$  value for the mobility-free variable is 2,724 and using the level of significance (significance level) of 5%, the  $t$  table is 1.692. Where  $t$  table is obtained from  $dk = nk (38-4-1) = 33$  (Siregar, 2012), which means that the calculated  $t$  value is greater than  $t$  table, namely  $2,724 > 1,692$ . While the sig value in the table is 0.010 because the sig is smaller or less than 0.05, which shows that freedom of mobility (X1) has a significant effect on the development of MSMEs (Y). Thus it can be concluded that the hypothesis that freedom of mobility has a significant effect on the development of MSMEs is accepted.

#### Hypothesis 2

From the calculation, the  $t$  value is obtained for The ability to buy commodities variable is 3,388 and using the level of significance (level of significance) of 5% it is obtained  $t$  table of 1,692. Where  $t$  table is obtained from  $dk = nk (38-4-1) = 33$  (Siregar, 2012), which means that the calculated  $t$  value is greater than  $t$  table, namely  $3.388 > 1.692$ . While the sig value in the table is 0.002 because sig is smaller or less than 0.05, which shows that the ability to buy commodities (X2) has a significant effect on the development of MSMEs (Y). Thus it can be concluded that the hypothesis which states the ability to buy commodities has a significant effect on the development of MSMEs is accepted.

#### Hypothesis 3

From the calculation results, the  $t$  value for the Economic Security (X3) variable is 3,749 and using the level of significance (level of significance) of 5% is obtained  $t$  table of 1,692. Where  $t$  table is obtained from  $dk = nk (38-4-1) = 33$  (Siregar, 2012), which means that the calculated  $t$  value is greater than  $t$  table, namely  $3,749 > 1,692$ . While the sig value in the table is 0.001 because the sig is smaller or less than 0.05, which shows that the Economic

Guarantee (X3) has a significant effect on the development of MSMEs (Y). Thus it can be concluded that the hypothesis which states that Economic Security (X3) has a significant effect on the development of MSMEs is accepted.

#### Hypothesis 4

From the calculation results, the t value for the Political and Legal Awareness (X4) variable is -1.498 and using the level of significance (significance level) of 5%, the t table is 1.692. Where t table is obtained from  $dk = nk - 1 = 38 - 4 - 1 = 33$  (Siregar, 2012) which means that the calculated t value is smaller than t table, namely  $-1.498 > 1.692$ . While the sig value in the table is 0.144 because the sig is smaller or less than 0.05, which shows that political and legal awareness (X4) has an insignificant effect on the development of MSMEs (Y). Thus it can be concluded that the hypothesis which states that political and legal awareness (X4) has a significant effect on the development of MSMEs is rejected.

#### Determination Test

The determination test of the value of the R Square value is 0.950, which means the variable freedom of mobility, the ability to buy commodities, the variable of economic security and political and legal awareness can explain the variable of MSME Development by 95% and the remaining 5% which is another variable that is not examined. in this research.

### DISCUSSION

#### The Effect of Freedom of Mobility on the Development of MSMEs

Based on the results of multiple regression tests for the t test for the variable freedom of mobility, it is concluded that the freedom of mobility partially has a significant effect on the development of MSMEs. This shows that if the freedom of mobility is getting better, it will increase the development of small and medium enterprises. The results also show the respondents' responses about the freedom of mobility to the development of MSMEs which show a high / good average response of respondents although there are still those who show doubtful and disagreeing responses to the development of MSMEs that are currently being felt on freedom of mobility. Based on the results of interviews and observations, it shows that during the empowerment program for micro, small and medium enterprises (MSMEs), the obstacle is that in terms of the market, it is difficult for the community to market their business results even wider reach and the next obstacle is the lack of transportation facilities and damaged roads making it difficult to market. existing product.

Based on these results, the results of this study are supported by the theory put forward by Suharto (2015), namely the success of community empowerment can be seen from their empowerment in developing small and medium enterprises through the widest possible market access so that their products can be absorbed in the market.

These results are also supported by research Cahyanti, MM, & Anjaningrum, WD (2017) with the title Factors Affecting the Development of Small Business in the Processing Industry Sector in Malang City. The analysis results show that the freedom of mobility has a potential and significant effect on the development of small and medium enterprises.

#### Influence of the ability to buy commodities on the development of MSMEs

Based on the results of the multiple regression test for the t test for the variable purchasing ability of commodities, it is concluded that the ability to buy commodities partially has a significant effect on the development of MSMEs. This shows that if the ability to buy commodities is higher, it will increase the development of small and medium enterprises. The results also show respondents' responses about the freedom of mobility to the development of MSMEs which show a high / good average response of respondents although there are still those who show doubtful and disagreeing responses to the development of MSMEs that are currently being felt on the ability to buy commodities.

Based on the results of interviews and observations, it shows that the purchasing power of entrepreneurs towards commodities is still quite low, especially rice, so that it affects the development of small and medium enterprises in the village of Mandobo, Mandobo district, Boven Digoel district.

Based on these results, the results of this study are supported by the theory put forward by Suharto in Cahyanti & Anjaningrum (2017), namely that in developing businesses for small and medium enterprises, it requires very comprehensive efforts, one of which is by increasing the purchasing power of superior commodities in the local area.

These results are also supported by Purba's (2010) research entitled Analysis of Factors Affecting the Growth of Small Industries in Medan City. The results of the analysis show that the ability to buy commodities has a potential and significant effect on the growth of small industries in Medan.

### **The Effect of Economic Guarantee (X3) on the Development of MSMEs**

Based on the results of the multiple regression test for the t test for the Economic Guarantee variable, it is concluded that the partial economic guarantee has a significant effect on the development of MSMEs. This shows that if the Economic Guarantee is better, it will increase the development of small and medium enterprises. The results of the study also show the responses of respondents about Economic Security towards the development of MSMEs which show a high / good average response of respondents even though there are still those who show doubts and disagreements about the development of MSMEs that are currently being felt on economic security.

These results are also supported by Aries Susanty's (2013) research entitled Analysis of Factors Affecting the Growth of the Pekalongan Batik Cluster (Case Study of the Kauman Batik Cluster, Pesindon and Beards). The results of the analysis show that the Economic Guarantee has a positive and significant effect on the growth of the Pekalongan batik cluster.

### **The influence of legal and political awareness on the development of MSMEs.**

Based on the results of the multiple regression test for the t test for the variable of legal and political awareness, it is concluded that legal and political awareness partially has an insignificant effect on the development of MSMEs. This shows that legal and political awareness will not increase the development of small and medium enterprises. The results of the study also show the responses of respondents about Economic Security towards the development of MSMEs which show a high / good average response of respondents even though there are still those who show doubts and disagreements about the development of MSMEs that are currently being felt on economic security.

Based on these results, the results of this study are supported by the theory put forward by Martani Huseini in Hartono (2014), namely that although the awareness of Law and Politics for small and medium enterprises is very low, the business can still survive and be able to develop.

These results are also supported by Hartono's (2014) research entitled Factors that Influence Umkm Development in Surakarta. The results of the analysis show that the awareness of Law and Politics has no significant effect on the growth of the development of MSMEs in Surakarta.

In the results of the data analysis the coefficient of determination ( $R^2$ ) shows that the MSME development variable can be explained by independent variables, namely freedom of mobility, ability to buy commodities, economic security, legal and political awareness by 95% and the remaining 5% other independent variables that are not examined. in this research. $R^2$

## CONCLUSION

Based on the results of this study, the following conclusions can be drawn:

- Variable Freedom of mobility partially has a significant effect on the development of MSMEs
- Variable The ability to buy commodities partially has a significant effect on the development of MSMEs
- The Economic Guarantee variable partially has a significant effect on the development of MSMEs
- The legal and political awareness variables partially have a significant effect on the development of MSMEs

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