
Income Analysis of Meubel Industrial Entrepreneurs in Palopo City, South Sulawesi

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ABSTRACT

The development of the furniture industry is part of a long-term effort to change a strong and balanced economic structure. With the furniture industry, society can be more advanced and developed. On the other hand, the local government should develop the main economic potential, namely the furniture craft industry such as cabinets, chairs, tables and various other household furniture. The furniture industry must increase its production capacity, which requires a large amount of capital. This study aimed to determine whether capital, number of workers, length of business affect the income of the Furniture Industry in Palopo City. The type of data related to this research is quantitative data sourced from primary data. This research was conducted on the Furniture Industry Entrepreneur in Palopo City. This study indicates that the variables of capital and labour affect the income of furniture industry entrepreneurs in Palopo City. At the same time, the variable length of business does not affect the income of furniture industry entrepreneurs in Palopo City.

Keywords: capital, labour, length of business, income

INTRODUCTION

The economic growth of a nation is an essential pillar for implementing the development process in all fields. If the economic growth is good, other fields such as law, politics, and agriculture will be well-formed. The industrial sector is one sector critical vital role in economic growth. The industrial sector is expected to be a driving force for increasing economic growth, and one of the sectors is small and household industries (Akbar, 2017).

A small industry has a vital role in the activities of the National Economy. For example, creating job opportunities, increasing added value, accelerating income distribution, encouraging

economic growth and maintaining national stability. According to Anggriani et al. (2019), small and medium industries (IKM) are business groups that can absorb much labour and become a source of community income.

Income has a vital role in meeting the needs of life, where income is a measure used to see whether a person's life is worth it or not.

A study conducted by Adhiatma (2015) stated that initial capital partially has a significant effect on income. It indicates that the greater the capital used, the higher the income earned by traders.

Employment is considered the most critical resource in developing the quality of SME products and services for consumers to make a significant contribution to the country's economic

development and the industrial production process itself. Small industries such as households and SMEs are part of the populist economic system.

Length of business is the time that furniture entrepreneurs have spent in running their business. In addition to capital and length of business, humans also have an essential role in a business, both as workers and business owners. More capital, length of business, and the number of skilled and qualified workers are the expectations of furniture entrepreneurs in Palopo City.

Library Review

Income Theory

Income is the amount of money received by a person from his efforts to meet the needs of life. According to economics, income is the maximum value that a person can consume in one period. Income is also all income earned from other parties as a sign of remuneration provided where the income is used to meet the needs of individuals (Perdana et al., 2018).

Economic income is the income that a person or family earns to meet demand without reducing or increasing net worth. Economic income includes wages, salaries, interest income from deposits, transfer income, etc. Monetary income is the remuneration received by a person or family within a certain period based on certain factors of production. For example, renting a building, renting a house, etc. National income is the right of individuals in the economy, and rewards for individuals to participate in the production process

According to the method of acquisition, income is divided into:

- 1) Gross income, namely income earned before deducting expenses.
- 2) Net income, namely income earned after deducting expenses.

A person's income or company is undoubtedly influenced by many factors, such as education and experience. The higher the level of education and experience, the higher the income and level. Income is strongly influenced by working capital, working hours, access to credit, labour, family members, types of goods (products) and other

factors. Usually, people always look for high incomes to meet family needs, but many factors, including limit this

a. Length of business

Play an important role in sales. The length of business time is related to the experience the merchant gains in sales. The longer traders run their business, the more they can increase their productivity, increasing efficiency, reducing production costs, and increasing their income.

b. Trading location

It is one of the strategies in trading. Locations that are close to competitors' locations will encourage other traders to apply competitive strategies.

c. Working hours

It is related to the labour supply theory, which is about the willingness of individuals to work with the hope of earning or not to work and consequently not receiving a decent income.

METHOD

Based on the objectives to be achieved, the data types involved in this study are quantitative data sourced from primary data. The focus of this research includes several variables, namely, capital, labour, and income in the Furniture Industry business in Palopo City. The population of this research is all data/documents of Furniture Industry Entrepreneurs in Palopo City related to the research variables. While the research sample, the author took 11 furniture industries in Palopo City to be used as research samples

Multiple Linear Regression Analysis

The analytical method used in this research is the multiple linear regression analysis methods. Multiple linear regression is a linear regression in which a dependent variable is associated with two or more independent variables. In general, the form of the regression equation is as follows:
$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Information:

- Y = Income
- A = Constant
- X = Capital
- X₂ = Labor

X3 = length of business
 e = Errors or deviations that may occur

Descriptive statistics are methods related to collecting and presenting a data set to provide helpful information. In a research data description, it is essential to provide an overview of the data under study. The function of descriptive statistics is to provide an overview or description of data.

RESULT and DISCUSSION

Descriptive Analysis

No	Name Business	Operating capital (X1) (million)	Total manpower (X2) (person)	Business Length (X3) (years)	Revenue (Y) (million/month)
1	UD. Karya Abadi	25	4	14	8
2	Toko Enam Satu	30	6	12	12
3	Aedha Furniture	20	4	20	10
4	UD. Air langga	40	6	10	13
5	Meubel Tunas Karya	50	7	8	15
6	UD. Raf Pratama	35	5	15	10
7	UD. Riska	30	5	12	7
8	Meubel Agal	40	6	8	11
9	AR. Furniture	25	4	11	9
10	UD. Berkah Nirwana	50	6	10	16
11	MeubelAR Da'moico	20	4	9	7

The data above shows that UD Karya Abadi, with a business capital of 25 million, a total workforce of 4 people, a business duration of 14 years, can provide an income of 8 million/month. Six One Stores with a business capital of 30 million, a workforce of 6 people, a business duration of 12 years can provide an income of 12 million/month. Furniture with a business capital of 20 million, a total workforce of 4 people, a business duration of 20 years can provide an income of 10 million/month. UD. Airlangga, with a business capital of 40 million, a workforce of 6 people, a business duration of 10 years, can provide an income of 13 million/month. Tunas Karya furniture, with a business capital of 50 million, a workforce of 7 people, a business duration of 8 years, can provide an income of 15

million/month. UD Rafa Pratama with a business capital of 35 million, the number of workers is five people, the length of business of 15 years can provide an income of 10 million / month. UD. Riska, with a business capital of 30 million, a workforce of 5 people, a business duration of 12 years, can provide an income of 7 million/month. Furniture Agar with a business capital of 40 million, a total workforce of 6 people with eight years of business can provide an income of 11 million/month. AR Furniture, with a business capital of 25 million, a total workforce of 4 people, a length of business of 11 years, can provide an income of 9 million/month. UD Berkah Nirwana, with a working capital of 50 million, a workforce of 6 people with ten years of business, can provide an income of 16 million/month. AR Da'moico

furniture with a business capital of 20 million, a total workforce of 4 people, a business duration of 9 years can provide an income of 7 million/month. Furniture Agar with a business capital of 40 million, a total workforce of 6 people with eight years of business can provide an income of 11 million/month. AR Furniture, with a business capital of 25 million, a total workforce of 4 people, a business duration of 11 years, can provide an income of 9 million/month. UD Berkah Nirwana, with a working capital of 50 million, a workforce of 6 people with ten years of business, can provide an income of 16 million/month. AR Da'moico furniture with a business capital of 20 million, a total workforce of 4 people, a business duration of 9 years can provide an income of 7 million/month. Fifteen years of business can provide an income of 10 million / month. UD. Riska, with a business capital of 30 million, a workforce of 5 people, a business duration of 12 years, can provide an income of 7 million/month. Furniture Agar with a business capital of 40 million, a total workforce of 6 people with eight years of business can provide an income of 11 million/month. AR Furniture, with a business capital of 25 million, a total workforce of 4 people, a business duration of 11 years, can provide an income of 9 million/month. UD Berkah Nirwana, with a working capital of 50 million, a workforce of 6 people with ten years of business, can provide an income of 16 million/month. AR Da'moico furniture with a business capital of 20 million, a total workforce of 4 people, a business duration of 9 years can provide an income of 7 million/month.

Hypothesis testing

The linear regression equation that will be formed is by the previous chapter, wherein this sub-chapter will be explained about the linear regression equation, hypothesis testing (t-test and f test) and the coefficient of determination.

Regression Results

Based on the results of data processing output for multiple linear regression models are as follows:

Table 1. Multiple Linear Regression Results

	Model	t	Sig.
1	(Cinstant)	-.675	.522
	Capital	4.914	.001
	Amount Labor	4.151	.002
	Business	.991	.348

Based on the results above, the data obtained from the multiple linear regression equation are:

$$Y = a + b_1X_1 + b_2 X_2 + b_3 X_3$$

$$Y = - 3.194 + 0.240X_1+ 2.281X_2+ 0.268X_3$$

From the regression equation above, it can be described as follows:

1. The constant value (a) of -3,194 represents the capital variable, the number of workers and the length of business is worth 0, then the furniture business income in Palopo City is reduced by -3.194 million rupiah/month.
2. The regression coefficient value of the capital variable is 0.240. A positive X1 value indicates a unidirectional relationship between the income variable and capital, which means that if capital increases by 1 million rupiahs, the furniture business income in Palopo City will increase by 0.240 million rupiahs with the assumption that the independent variable other remains.
3. The regression coefficient value of the variable number of workers is 2.281. A positive X2 value indicates a unidirectional relationship between the income variable and the number of workers, which means that if the number of workers increases by one person, then the furniture business income in Palopo City will increase by 2.281 million rupiahs with the assumption that the other independent variables are constant.
4. The regression coefficient value of the variable length of business is 0.268. A positive X3 value indicates a unidirectional relationship between the income variable and

the length of business. If the length of business has increased by one year, the furniture business income in Palopo City will increase by 0.268 million rupiahs with the assumption that other independent variables remain.

The coefficient of determination explains the variation in the effect of the independent variables on the dependent, or it can also be said as the proportion of the influence of all independent variables on the dependent variable. The following is the output of the coefficient of determination test:

Correlation and Determination

Table 2. Results of the Coefficient of Determination

Model	R Square	Adjusted R Square
1	.785	.693

From table 2 above, the correlation coefficient (R) is 0.886. The relationship between the variable length of business, capital and labour have a solid relationship with the income of the furniture business in Palopo City.

The coefficient of determination of 0.693 or 69.3% means that the variables of capital, number of workers and length of business are simultaneously able to explain the income variable of 69.3%, while the remaining 30.7% (100% -69.3%) is explained by other factors not examined in this study. With the magnitude of the coefficient of determination of 69.3%, the level of relationship between capital, the number of workers and length of business to income is stated to be strong.

Partial test (t-test)

The t-test was used to determine the effect of each independent variable used in this study. The level of significance in this study is 0.05. The basis for decision making in this partial test is as follows:

a. Based on the value of t-count and t table. If the value of t count > value of t table, the independent variable partially affects the dependent variable. If the value of t-count < value of t table, the independent variable has no partial effect on the dependent variable.

b. Based on the significant value of the SPSS23 output, if the significant value is <0.05, the independent variable has a significant effect on the dependent variable.

If the significant value is >0.05, then the independent variable has no significant effect on the dependent variable; based on table 4.1, the results of the partial effect test with a t-table of

1.894, the independent variable test with the dependent variable is as follows:

a. Effect of Capital on Income

From the multiple linear regression analysis calculations for the capital variable, the t-count value is 4.914, with a significant value of 0.001. Because t-count > t table (4.914 > 1.894) and significance value < significant level (0.001 < 0.05). So it can be concluded that capital has a significant effect on income with a positive relationship direction at a significant level of 0.05 (5%). In other words, the capital variable has a positive and significant effect on income at the 95% confidence level.

b. The Influence of the Number of Workers on Income

From the multiple linear regression analysis calculations for the variable number of workers, the value of t-count is 4.151 with a significant value of 0.002. Because t-count > t table (4.151 > 1.894) and significance value < significant level (0.002 < 0.05). So it can be concluded that the number of workers has a significant effect on income with a positive relationship direction at a significant level of 0.05 (5%) or in other words, the variable number of workers has a positive and significant effect on income at the 95% confidence level.

Simultaneous Test (F Test)

The F test or regression coefficient i is used together to determine whether the independent variables (capital, number of workers and length of business) simultaneously affect the dependent variable (income). This test is done by looking at the Prob. F-statistic (F count). If the Prob. F-

statistic (F count) is less than the significant level of 0.05; the independent variable has a simultaneous effect on the dependent variable.

On the other hand, if Prob. F-statistic (F count) is greater than the significant level of 0.05;

then, the independent variable has no simultaneous effect on the dependent variable. The following is the output of the simultaneous F test:

Model		F	Sig.
1	Regression	8,513	.010b
	Residual		
	Total		

Based on the simultaneous test results with an F table of 4.35, the F-count value of 8.513 and the Prob value (F-Statistic) of 0.010 were obtained. Because the value of $F_{count} > F_{table}$ ($8.513 > 4.35$) and the significance value $<$ significant level ($0.010 < 0.05$). So it can be concluded that capital, number of workers and length of business simultaneously have a significant effect on income.

Discussion

Effect of Capital on Income

The results of testing the first hypothesis, from the calculation of multiple linear regression analysis and hypothesis testing for the effect of the capital variable, obtained a t-count of 4.914 with a significance value of 0.001. Because $t_{count} > t_{table}$ ($4.914 > 1.894$) and the significance value $<$ significant level ($0.001 < 0.05$). So it can be concluded that capital has a significant effect on income with a positive relationship direction. The hypothesis test results (t-test) show that business capital has a significant effect on the income of the furniture business in Palopo City. Business capital has a significant effect on furniture business income. It means that the higher the capital owned by the furniture entrepreneur, the higher the income received by the entrepreneur.

Capital has a positive and significant effect on income, regardless of the scale of operation; of course, it requires costs or expenses related to production (capital) and expenses related to purchasing raw materials to get wages doing business. Capital is a form of investment in a company that includes cash, receivables and

inventories, as well as payment of employee salaries. A place where capital is issued, hoping to return to the company and make a profit.

The capital factor is significant in the company because the scale of capital owned by the company will significantly affect revenue and business development. The additional capital will increase the company's revenue because it can expand its production capacity, which will automatically increase its profits. Thus it can be concluded that the company's capital and profits have a positive relationship.

The results of this study are in line with Rani's research (2019), entitled The Effect of Capital and Length of Business on the Income of Traders in the Pasar Minggu Traditional Market, showing that capital has a positive and significant effect on the income of traditional traders because capital is used as the basis for conducting a business or trade. The more significant the business capital, the more diverse and innovative traders will be in selling their wares, which are the daily needs of consumers such as vegetables, necessities, fruits and others.

The Influence of the Number of Workers on Income

The results of testing the second hypothesis, from the calculation of multiple linear regression analysis and hypothesis testing for the effect of the variable number of workers, obtained a t-count of 4.151 with a significance value of 0.002. Because $t_{count} > t_{table}$ ($4.151 > 1.894$) and the significance value $<$ significant level ($0.002 < 0.05$). So it can be concluded that the number of

workers has a significant effect on income with a positive relationship.

This study also proves that the second hypothesis is accepted. The number of workers has a partial influence on the income of the furniture business. It shows that the size of the workforce causes income results to increase or decrease. It shows that the more efficient the use of labour, the higher the income.

The theory put forward by Anggriani et al. (2019) suggests that labour also influences the income received by entrepreneurs who can maximize their profits or income. Humans are the main factors of production that carry out the prosperity of nations. Human resources or human resources will provide work effort or services obtained in the production process.

According to Sumarsono et al. (2013), entrepreneurs will increase production if many products are sold. Increasing the amount of production will increase the required workforce so that income will also increase. The workforce can assist in the production process and serve consumers so that consumer demands can be met. If consumer demand can be met, income will also increase. It can be concluded that the relationship between labour and income is positive.

This research is in line with Rosadi's research (2019) which shows that the workforce partially has a positive and significant effect on the income of the Kemplang cracker company in Rahayu Village. Bumi Waras Subdistrict, Bandar Lampung City. However, this research is not in line with the research conducted by Wulandari & Darsana (2017), which concluded that labour does not significantly influence the income of the woven craft industry in Bona Village.

Effect of Business Length on Income

The results of testing the third hypothesis, from the calculation of multiple linear regression analysis and hypothesis testing for the effect of the variable length of business, obtained a t-count of 0.991 with a significance value of 0.348. Because t-count < t table (0.991 < 1.894) and significance value > significant level (0.348 > 0.05). So it can be concluded that the length of business does not affect income.

This study also proves that the third hypothesis is rejected. The length of business does not have a partial effect on the income of the furniture business. It is based on the fact that the length of the business cannot be used as a measure of the income of the furniture business. The longer you run the business does not guarantee to increase your income because it depends on your skills and knowledge.

This study is in line with the research conducted by Purnomo et al. (2018), which concluded that the length of business had no significant effect on the income of Salak farmers in Pronojiwo Village. However, this is not in line with Rani's research (2019), which shows that the length of the business significantly affects the income of traders in the Pasar Minggu traditional market.

Effect of Capital, Number of Labor and Length of Business on Income

Based on the simultaneous test results with an F table of 4.35, the F-count value of 8.513 and the Prob value (F-Statistic) of 0.010 were obtained. Because the value of Fcount > Ftable (8.513 > 4.35) and the significance value < significant level (0.010 < 0.05). So it can be concluded that capital, number of workers and length of business simultaneously have a significant effect on income.

CONCLUSION

Based on the results of the research above, the authors can conclude that in a partial test, the capital variable affects the income of the furniture industry entrepreneur in Palopo City, the labour variable affects the income of the furniture industry entrepreneur in Palopo City, and the length of the business variable does not affect the income of the furniture industry entrepreneur in Palopo City.

The simultaneous test results can be concluded that the variables of capital, number of workers, and length of business together affect the income of furniture industry entrepreneurs in Palopo City.

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