

# THE INFLUENCE OF RECEIVED CREDIT, RESOURCE COMPETENCE AND INCOME OF MSMEs ON EMPLOYEE WELFARE

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## ABSTRACT

The purpose of this study was to analyze the effect of credit received on employee welfare, human resource competency on employee welfare and MSME income on employee welfare. This research is a quantitative research carried out in West Nusa Tenggara Province in East Lombok Regency with a sample size of 80 respondents. Data analysis was carried out using the SEM-PLS method. research results and data analysis show that the relationship between credit received on employee welfare is not significant / credit received does not have an impact on employee welfare. Human resource competence has a significant impact on employee welfare/human resource competence has a positive impact on employee welfare. MSME income on employee welfare is significant / MSME income has a positive impact on employee welfare.

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## 1. INTRODUCTION

One component that supports national development is a bank financial institution or intermediary institution which has the function of collecting funds from the public and channeling them back to the community in the form of credit and other forms. Financial business is carried out by companies engaged in the financial sector or intermediary institutions that have the function and business of collecting funds from the public and channeling them back to the community in the form of credit and other forms. A financial institution is a business entity whose wealth is mainly in the form of financial assets or claims, such as stocks, bonds, compared to real assets, such as buildings, equipment and raw materials. The complexity of people's economic life is very high so that the existence and presence of banking financial institutions (Banking Financial Institutions) and their roles are very much needed by the community. In addition, bank financial institutions are also one of the important pillars that have an existence in economic development in Indonesia.

The use of credit by entrepreneurs is still relatively low, because not all of the credit received is focused on being used as business capital because its use is consumptive and so on, so that when the use of credit received from financial institutions is not optimal, therefore when business capital is thinning the entrepreneurs immediately took credit again to financial institutions to increase venture capital.

The phenomenon that occurs on the one hand financial institutions (Banks) continue to strive to increase their role and contribution as the spearhead of regional financial institutions in financing the informal sector (MSMEs), of course, is very important. because financial institutions (banks) are considered to be the most understanding and most aware of the condition of the public or their customers compared to other financial institutions (non-banks).

The government pays great attention to the development of MSME businesses. Not only the number of MSMEs in Indonesia, but also the MSMEs specifically for West Nusa Tenggara Province are experiencing developments that continue to increase from year to year as shown in Table 1. The number and scale of MSME businesses per district/city in West Nusa Tenggara as of 31 December 2018 are as follows:

Table 1. Number and Scale of MSME Businesses in NTB as of December 31 2018

NO	Regency/City	Business Classification				Amount
		Micro	Small	Intermediate	Big	
1	Kota Mataram	46,328	11,007	632	179	58,139
2	Lombo Barat	110,322	10,286	461	34	121,096
3	Lombok Utara	7,037	369	2	-	7,401
4	Lombok Tengah	121,636	7,445	321	28	129,423
5	Lombok Timur	144,029	16,266	904	62	161,254
6	Sumbawa Barat	14,898	1,651	84	19	16,645
7	Sumbawa	40,620	6,661	231	40	47,545
8	Dompu	26,558	2,019	69	11	28,620
9	Bima	48,952	4,535	107	17	53,573
10	Kota Bima	22,267	2,713	163	24	25,130
Amount		582,647	62,952	2,974	414	648,987

Source: West Nusa Tenggara Province BPS data for 2018

Based on the number above, around 90 percent are micro and small businesses. Of the total number of existing MSMEs, the largest are in the agricultural sector compared to other MSME sectors. Nearly 50 percent of existing SMEs are SMEs in the agricultural sector, while the trade sector is around 29 percent. While the remaining 21 percent is engaged in the service sector, construction and others. Even though the number of SMEs in the agricultural sector is far more than the trade sector, in terms of GDP creation, the SMEs in the trade sector are more numerous than the agricultural sector. This condition shows that SMEs in the trade sector are able to create greater added value than SMEs in the agricultural sector.

The problem that often occurs in SMEs to be able to increase their income is the low level of technology owned by SMEs and difficulties in obtaining capital. The low level of technology means that in addition to minimal human resources, the use of IT is also low, most of them are MSME actors, the approach is manual and very traditional. While capital is also a very crucial thing in running a MSME business. Financial institutions do not simply trust MSMEs if they do not have adequate collateral. The initial capital of MSMEs is very small so that assistance is needed in the form of credit to run and increase their business capacity so that they are able to compete in the local, national and international markets.

There are several considerations that need to be taken to increase MSME income, including the absorption of labor (HR) by MSME. The greater the income received, the higher the business potential to finance expenses and business activities. The problem that often occurs in SMEs to be able to increase their income is the low level of technology owned by SMEs and difficulties in obtaining capital. Initial capital is needed to set up and run a business in addition to investment capital and working capital. MSMEs have also shown significant achievements in Indonesia's economic development. The growth of MSMEs itself is quite fast, higher than the growth of large-scale businesses. On the export side, MSMEs are able to record a value of 20 percent of total non-oil and gas exports. These are all assumptions that in the future MSMEs will be able to make a bigger contribution to the development of the Indonesian economy in general.

Independent entrepreneurs need individuals who are ready to fight entrepreneurship, because entrepreneurs must be sensitive to conscience and have sharp business instincts to penetrate competitive market shares, (Bawsir, 1997). The characteristics of entrepreneurs (MSMEs) can influence the development of their business, the need for success, the desire to take risks, self-confidence and a strong desire to do business, besides the characteristics of entrepreneurs, business capital is absolutely necessary in carrying out MSME business activities.

To increase the competitiveness of Micro, Small and Medium Enterprises (MSMEs), the government continues to direct the management of MSMEs. One of the accelerations being carried out by the government through the Ministry of Cooperatives and SMEs at this time is the movement "One Million

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MSME Businesses Upgrade". This movement will be formulated in the 2015-2019 National Medium-Term Development Plan (RPJMN). ready to face the Asean Economic Community (AEC) which is currently underway. With good MSME management, it is hoped that they will be able to be competitive and contribute in facing MEA competition, not only to fellow domestic MSMEs but more broadly to the Asean community. Thus the goal of welfare of employees from time to time can be realized.

Welfare of workers or employees is one form of handling of labor and is one of the objectives to be achieved by both private companies and government agencies. In principle, employee welfare lies not only in the level of income (wages) provided by the organization or company, but other factors also play an important role, the attention of employers to health insurance, work equipment, work environment, training and work skills .

Research conducted by Putri, et al. (2014) by examining the increase in the performance of SMEs, the results of the Ishikawa Diagram analysis stated that the main problem with the low performance of SMEs comes from the human resource factor. However, this result contradicts the results of the Importance-Performance Analysis. UKM owners are more concerned with infrastructure to be repaired. Therefore, it is this misperception that needs to be corrected through a design to improve the performance of the Depok City craft cluster SMEs with The House Model.

## 2. METHOD

This type of research is associative quantitative research that seeks to describe the effect of credit received and human resource competencies on MSME income and employee welfare. This study uses a questionnaire as the main instrument. The data obtained from the results of the questionnaire distribution are quantitative data, while qualitative data are data obtained through interviews with MSME groups and secondary data from related government agencies.

The data sources in this study refer to two types of data, namely primary data and secondary data. Primary data is data that is collected and obtained directly from the field using an interview approach using questionnaires that have been prepared beforehand to be distributed to each respondent who has been determined by the researcher. The technique used in determining the sample cluster technique. This cluster or cluster sampling technique selects samples not based on individuals, but rather based on groups, regions or groups of subjects that naturally come together. The cluster technique is often used by researchers in fields where the area may be large. By using this cluster technique, they can save more money and effort in meeting respondents who are the subject or object of research.

## 3. RELUST AND DISCUSSION

Based on the inner model test, it is done by looking at the significance value to see the effect between variables. For the significant value of hypothesis support, a comparison of the T-table and T-Statistics values can be used in the estimation results for path coefficients (path coefficient values). If the T-statistics is greater than the T-table, it means that the hypothesis is supported. The significant value used for the two-tailed hypothesis with a confidence level of 95 percent (5 percent alpha) is 1.982. In addition, to test the hypothesis can be done by analyzing the p value compared to the errors specified in this study, namely testing one side (two tailed) with alpha 5% (0.05). If p values < 0.05 means the hypothesis is accepted but if p values > 0.05 means the hypothesis is rejected.

Table 2. Results of Path Coefficients Analysis

Variabel	Original sample	Std. Deviasi	T Statistik	P Values	Information
KD --> KK	0.066	0.063	1.038	0.300	Not significant
SDM --> KK	0.240	0.083	2.896	0.004	Significant
PUMKM --> KK	0.598	0.095	6.275	0.000	Significant

Source: Processed Data, 2021

The effect of credit received on employee welfare shows a positive value of 0.066 with a statistical value of 1.038, this statistic is below 1.96 and the P value is greater than 0.05. This means that the variable credit received does not have a positive effect on employee welfare. Companies and employees essentially need each other, employees are company assets because without human resources the company will not be able to run, as well as employees cannot support their welfare without the company as a place to make a living as well as the implementation of their own disciplines. So employees must pay attention to their welfare, don't just be demanded by their obligations with various kinds of work loads, as well as employees who don't just demand their rights but work and responsibilities as employees are not completed. However, there are still companies that do not pay enough attention to their employees so that employees lose motivation, are lazy, and do not seem to have good results at work. So they think that no matter how hard they work, the company doesn't care about them, let alone to provide them with the welfare and rewards they deserve.

The effect of human resource competence on employee welfare shows a positive value of 0.240 with a statistical value of 2.896, this statistic is above 1.96 and the P value is less than 0.05. This means that the human resource variable has a positive effect on employee welfare. Competence according to Spencer & Spencer in Palan (2007) is a basic characteristic possessed by an individual that is causally related in fulfilling the criteria needed to occupy a position. Competence consists of 5 types of characteristics, namely motives (consistent will as well as being the cause of action), innate factors (character and consistent responses), self-concept (self-image), knowledge (information in a particular field) and skills (ability to carry out tasks). This is in line with the opinion of Becker and Ulrich in Suparno (2005:24) that competency refers to an individual's knowledge, skills, abilities or personality characteristics that directly influence job performance. That is, competence contains aspects of knowledge, skills (skills) and abilities or personality characteristics that affect performance.

The findings of this study are that human resource competence plays a very important role in a business and will direct the welfare of employees and employees who have been hired must be developed and motivated to continue working for the company until retirement. To retain employees, welfare/compensation, complement/fringe, benefits/salary and other welfare programs are provided. The welfare provided is very meaningful and beneficial to meet the physical and mental needs of employees and their families. Provision of welfare will create calm, morale, dedication, discipline, and a loyal attitude of employees towards the company so that labor turnover is low.

The effect of MSME income on employee welfare shows a positive value of 0.598 with a statistical value of 6.275, this statistic is above 1.96 and the P value is less than 0.05. This means that the MSME income variable has a positive effect on employee welfare. Employee welfare is to keep employees from moving to other companies, increase motivation and morale, and increase employee loyalty towards the company. To retain this employee should be given complete welfare/compensation/fringe benefits. The welfare provided is very meaningful and beneficial to meet the physical and mental needs of employees and their families. Efforts are made to maintain and improve the physical and mental conditions of employees so that morale increases through an employee welfare program that is prepared based on legal regulations, based on fairness and decency and guided by the company's capabilities. Welfare can be viewed as further assistance money to employees. Mainly payments to those who are sick, assistance money for employee savings, distribution in the form of shares, insurance, hospital care, and pensions.

The findings of this study indicate that "employee welfare is also measured by MSME income and the influence of MSME income on employee welfare is very significant in this study, and employee welfare is also called complementary remuneration provided by companies to employees, whether in the form of money, goods or services. other services that can provide satisfaction to employees at work. Employee welfare is a program that focuses on work and the work environment.

#### 4. CONCLUSION

Credit received by companies is to increase capital and enlarge the company's operating system, but the credit received by the company will not be able to cause employee welfare because MSME actors receive an injection of funds from financial institutions, not all of which are used as business capital, MSME actors also receive an injection of funds to consumption needs, so that in this study the relationship between credit received on employee welfare is not significant / credit received does not have an impact on employee welfare.

Human resource competence plays a very important role in a business and will direct the welfare of employees and employees who have been hired must be developed and motivated to continue working for the company until retirement. To retain employees, welfare/compensation, complement/fringe, benefits/salary and other welfare programs are provided, so that in this study the relationship between human resource competence on employee welfare is significant/human resource competence has a positive impact on employee welfare.

Employee welfare is also measured by MSME income and the influence of MSME income on employee welfare is very large in this study, and employee welfare is also called complementary remuneration provided by companies to employees, whether in the form of money, goods or other services that can provide satisfaction to employees at work. Employee welfare is a program that focuses on work and the work environment, so that in this study the relationship between MSME income and employee welfare is significant / MSME income has a positive impact on employee welfare.

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