

THE AVAILABILITY OF RAW MATERIALS AND MANPOWER AND ITS INFLUENCE ON INCREASED INCOME OF RATTAN INDUSTRY CRAFTSMEN IN BIYODO HAMLET, GRESIK

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**THE AVAILABILITY OF RAW MATERIALS AND MANPOWER AND ITS INFLUENCE
ON INCREASED INCOME OF RATTAN INDUSTRY CRAFTSMEN IN BIYODO HAMLET,
GRESIK**

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ABSTRACT

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The purpose of this study is to examine and determine the role of the availability of raw materials and labor for craftsmen in the rattan industry in Biyodo Village, Gresik Regency. The cause of quality raw materials is difficult to obtain, this is because of *fitrit* waste used by the craftsmen as raw materials. In addition, the next obstacle related to the lack of productive energy and also experts in their fields. Then, this is a type of qualitative research, in which a questionnaire is used as a means of obtaining data. That is, there are 30 workers who are the target of the questionnaire. Furthermore, data processing in this study uses multiple linear regression analysis, which from the results it is known that the simultaneous and significant effect is shown by raw materials and labor on income. In addition, a partial and significant effect is also shown by raw materials and labor on income, but the most dominant are raw materials.

KEY WORDS

Raw materials, Manpower, Income, Crafts Industry, Rattan Biyodo Gresik.

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One of the drivers of economic growth and development is the industrial sector. It is because the industrial sector can provide more productive benefits when compared to other sectors, such as the agricultural sector or others. In addition, industrial products always have *higher exchange rates*, and even higher added value when compared to products from other sectors. Another advantage of the industrial sector is that this sector has a wider variety of products, so it will provide marginal benefits to its users (Machmud, 2016). Based on the opinion of Maryunani (2018) and Arsyad (2016), it is stated that one of that is able to trigger and also encourage development in other sectors is the industrial sector, and as a result it will expand job opportunities. So, the ultimately income of the community increases, it is as well as the public's demand (purchasing power). It can be interpreted that the economy is growing and healthy, it is indicated by an increase in income and purchasing power.

So, the Law (UU) Number 3 of 2014 was issued as a sign of the importance from the Industrial sector, where in the Law it is stated that industry is one of the pillars of economy. Based on the Law, it has been proven that the government's support is quite significant for the planned progress of the industry. Gresik Regency has an industrial sector which is one of the mecca of the economy, this is because Gresik has at least 1,423 small and large industries, so Gresik is famous as an industrial area. There are 3 main sectors that support the economy in Gresik, one of which is the industrial sector. This sector provides the largest contribution to the value of GRDP. Significant growth also occurred, from 39,960,124.3 in 2013 to Rp 56,877,420.8 in 2017. Furthermore, the second sector that most contributes is the mining and quarrying business field, where this sector has decreased in the last 3 years with a value of only Rp. 15,305,350.6 in 2017 (<https://gresikkab.go.id> accessed 16-04-2019).

One of the processing industries in Gresik is the rattan craft industry in Biyodo village. And this industry has become an alternative for the residents to earn income for their daily needs. So that more and more income is obtained, this will result in meeting the needs of the local population, as a result of the scale of business and the level of welfare. Income from the industrial sector and household handicrafts is calculated by calculating the total income or the amount of production or sales minus the costs incurred in a production process. Basically the

higher of production was carried out, then there will be a greater possibility of an increase in revenue. As it has been found by Mahayasa and Yuliarmi (2017) in their research, that capital and labor have a positive and significant influence on income from wood carving crafts in Tembuku sub-district. Another opinion was also expressed by Suartawan and Purbadharmaja (2017) in their research which states that the direct and significant influence is shown by capital, raw materials and production on the income of the wooden sculpture industry in Sukawati District, Gianyar Regency. Meanwhile, based on research by Laksana and Jember (2018), they state that the indirect effect is shown by labor and raw materials on income in a production process. So, the bridge variable that affects the labor and raw material variables on income in the timber industry in Gianyar is production.

Based on the explanation above, the rattan craft industry in Biyodo Village, Gresik Regency, is very interesting for researchers to research. The activity begins with a pre-survey, the purpose of this activity is to find out what obstacles they encounter, and also related to the difficulties of the craftsmen in finding high-quality raw materials. It is because so far, the industrial owners have only relied on rattan waste from large factories, which are often called *trits*. The next obstacle in this case is related to the workforce, where they lack workers who are of productive age and are also skilled. This problem arises because the residents of Biyodo Village, who are of productive age and educated, prefer to leave the city or work in other cities.

So based on the explanation in the introduction, the researcher will formulate the problems of this research, including: a) What is the significant effect shown by raw materials on the income of the rattan industry in Biyodo Village, Gresik?; b) What is the significant effect shown by the workforce on the existing income of the rattan craft industry in Biyodo Village, Gresik?

LITERATURE REVIEW

Improving people's welfare can be done through the process of industrialization and development, which it will produce two things at once, they are a more advanced level of life and a higher quality in living standard. While, the efforts made to increase labor productivity which are complemented by the expansion of the scope its activities, Arsyad (2016:442) call it the industrialization process. The industry classification based on what is issued by the Indonesian Statistics Agency (BPS, 2017) is divided into four, they are:

- Large industry, if the number of workers is 100 people or more;
- Medium industry, if the number of workers is between 20-99 workers;
- Small industry, if the number of workers is 5 to 19 workers;
- Micro industry, if the number of workers is less than 5 workers, including those who are not paid.

Amir (2014) states that what is meant by income is the profit obtained from the sale of a product in a company, either in the form of goods or services, which functions as the core business. Another opinion states that what is meant by income is the amount of money that can be used to meet family needs, both long and short term, which can increase or decrease net worth. Meanwhile, according to (Rahardja and Manurung, 2014: 295), the sources of economic income include: wages, salaries, deposit interest, rental income, transfers from the government.

Furthermore, what is meant by raw materials according to Maskan, et al. (2018:87) is any material that is directly included in the production process. Then, what is meant by material, it is finished or semi-finished objects or goods. Therefore, a balance in the supply of raw materials to save investment and capital is very necessary, because basically there are several factors that can affect the supply of raw materials and prices of raw materials. Likewise, the presence of materials in large or small quantities, it can also pose its own risks. If in large quantities, losses, damage, and large costs in purchasing and maintaining are risks, while when goods are in small quantities, losses and shortages are risks that will occur.

Then what is meant by labor, when viewed from Law Number 13 of 2003, everyone who is able to do work that can produce goods or services and is used to fulfill the needs of themselves or the people. Then Machmud (2016) said that every resident who is of working age (15-24 years) or a resident in a country who has the ability to produce goods and services, who is in activity participation, can be referred to as labor. Furthermore, Sedarmayanti (2017) states that manpower planning includes: a) Government guidance on all types of employment activities is carried out by the government in order to increase labor productivity in an integrated and

coordinated manner; b) Indonesia uses Pancasila industrial relations in industry, this is directed at building harmonious relations in the name of parallel and integrated partnerships between those involved in the production process; c) Adequate income for humanity must be given to every worker as wages, so that the role of the government is very important here to establish protection for workers' wages.

METHODS OF RESEARCH

The census sampling method is a method that is used in this study, where samples were taken from the rattan handicraft industry workers in Biyodo Village, Gresik with a total of 30 workers.

Data collection was carried out by researchers, it is by observing either directly or indirectly. Questionnaires were used as a way of further data collection, and finally the researchers also conducted interviews to complete the data obtained from the questionnaire.

Validity test is taken from valid data, which does not contain differences. Where there is no difference between what is reported and the reality based on the object of research.

The reliability test referred to here is when a questionnaire is reliable, that is, when the respondent answers consistently to the questions were given from time to time.

The hypotheses of this study were analyzed using t-test and f-test. Furthermore, SPSS (Statistics Product and Service Solution) with windows version 25.0, is used for statistical tests. The purpose of this analysis is that later it can be used as a benchmark, an independent variable has an effect on the dependent variable. In addition, how much influence the independent variable has on the dependent variable, which can be known through multiple linear regression. The regression model used in this study is as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e \text{ (Sugiyono, 2017)}$$

Where: Y =Revenue; β_0 = constant of the regression equation; β_1, β_2 = coefficient of independent variable; X_1 =Raw material; X_2 = Man power

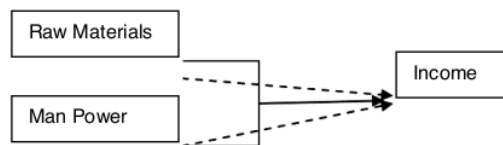


Figure 1 — Conceptual Framework

Correlation between Raw Materials and Revenue. All goods that can be used in making something, whether in the form of finished or semi-finished materials, can be called raw materials. The risk will arise whether the material is a lot or a little, for example when goods are available in large quantities, then the risk that occurs is loss, damage and also large purchase and maintenance costs. Furthermore, when objects are in small quantities, the risk is shortages and losses that will occur. As Suartawaan and Purbadharmaja (2017) say, the greater the amount of raw materials, the more goods will be produced. And from this possibility, the amount of income obtained is greater and greater from the production.

H1. Partial effect is shown by raw materials on income in the industry in rattan handicrafts in Biyodo, Gresik.

Correlation between Labor and Income. Every resident who is in working age (15-64 years) or a number of residents from a country who are able to produce goods or services and take part in industry, it is called labor. Then, another opinion reveals that the workforce is people who are able to carry out activities that generate money to meet needs (Wirawan and Indrajaya, 2019). Thus, an increasing number of workers will lead to a large number of goods produced. And an increase in the number of workers, it can cause the level of income and output to also increase.

So, according to H2 from this study, the partial effect is shown by the labor variable on income in the rattan industry working in Biyodo Village, Gresik.

Correlation of Raw Materials and Labor to Income. Based on the opinion of Amir (2016), what is meant by input is all resources that can be used to earn income, examples of it include raw materials, labor and technology. Furthermore, Mahayasa and Yuliarmi (2017) mention that the technology variable fails to moderate the influence of labor on production, it is because the technology variable only functions as an independent variable or stands alone, so it does not directly affect business production. While this workforce has an influence, if the workforce increases then income will also increase. It is because labor has an indirect effect on income through production, so here production is a variable that mediates the effect of labor on income.

The results of H3 state that the variables of raw materials, labor and technology have an influence on the income of rattan industry craftsmen in Biyodo village, Gresik.

DISCUSSION OF RESULTS

Two factors that are very influential in the income of an industry are raw materials and labor. So, the craftsmen of rattan industry need, it is also in developing and also obtaining greater profits from the rattan industry. The thing that craftsmen can do is to choose good quality raw materials to be used in making goods, but of course at an affordable price. Then another thing that needs to be done by rattan craftsmen is to have productive and expert staff, because productive and expert staff will be very helpful in creating ideas during the production process, so that the results obtained are much more varied according to customer requests and tastes. As presented in table 1, the results of the regression equation model are as follows:

$$Y = 10.113 + 0.252 X_1 + 0.220 X_2$$

The data in Table 1 shows that 0.432 is the value of the coefficient of determination (R^2). So in conclusion, the value of the contribution of raw materials (X_1) and labor (X_2) variables is 43.2%, while the independent variables that are not included in this research model are 56.8%. So, based on these results, the regression coefficients presented in the table are as follows:

Table 1: Regression Coefficient Result

Coefficients ^a					
Model	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1 (Constant)	10.113	3.274		3.088	.005
Raw material	.252	.095	.413	2.662	.013
Manpower	.220	.100	.334	2.187	.038

a. Dependent Variable: Income

Source: Processed Data, 2019.

Table 1 presents data showing that t-statistic value is 2.662, while 0.013 is sig. Then, to obtain a significant effect, the value must be less than 0.05 and based on the data above, H1 from this study is accepted. So, from these data it can be concluded if a significant influence is shown by raw materials on income. This is in line with research conducted by I Komang Suartawan and I B. Purbadharmaja (2017) which in this study obtained the results that raw materials have a direct and significant influence on income in the wooden sculpture industry in Sukowati District, Gianyar Regency. Furthermore, other researchers, I Nyoman Dharma Budhi Laksana and I Made Jember (2018) also found that raw materials had a direct, positive and significant effect on the production of wood craftsmen in Gianyar district.

One of the integral parts of overall production value was offered by the company to its customers according to Solihin (2014: 119) is the raw materials that exist in an industry. The raw materials obtained by rattan craftsmen are of the same quality as the raw materials obtained by their competitors, but the craftsmen get lower prices than their competitors. So, it causes them to have greater opportunities in terms of gaining a competitive advantage, when compared to their competitors. For this reason, it can be stated that raw materials are an inseparable part of the products produced in a business. Therefore, the supply of raw materials is important in the implementation of production activities. The assumption states that the larger amount of raw materials will make it possible if the products that they produce are also large. So, it will lead to their opportunity to get a large income, it is also the large product sales (Suartawan and Purbadarmaja, 2017).

Table 1 states that 2.187 is the t-statistic value of the labor variable, while 0.038 is the level of significance. So the conclusion is H2 from this study is accepted, this is because the significant value is less than 0.05. It shows if a significant effect is shown by labor on income. So, it means that each Ratan craftsman is guided not only to be able making a product, but they also have to special skills that have to do with motivating workers so they can produce a product. Then another thing that is also important is teamwork and mutual feedback about the shape of the product. Similar to the research conducted by Laksana and Jember (2018), Mahayasa and Yuliarmi (2017) and Wirawan and Indrajaya (2019), this is also in line, where in this study it was found that the direct effect. positive, and significant shown by the workforce on wood production in Gianyar district, UKM Pei Susu Denpasar.

Based on the opinion of Solihin (2014: 147) the characteristics of personnel employed by a company will be an important factor that will affect the organizational structure. Basically, the higher expertise of the workforce possessed by an organization, it more need for cooperation to occur among themselves in a group or team in carrying out their duties. Thus, in a production, labor has an influence that cannot be released, it is because all production requires labor to process/make an item or service. And an increase in the amount of production will cause an increase in the number of workers needed, so that income will also increase (Laksana and Jember, 2018). In addition, the assumption states that if many products are sold, entrepreneurs will also increase the amount of production.

The results of the F test analysis showed that the statistical F value obtained from this study was 6.601 with a significance level of 0.002. Thus H3 of this study is accepted. So, the conclusion of this study is that raw materials and labor have a significant influence on income. This is because the procurement of raw materials in a production process is the most important thing in a business, because without raw materials the production process cannot continue until it becomes finished or semi-finished goods. As is the case with production carried out by rattan craftsmen, where without raw materials they will not produce products. In a production, craftsmen participate as labor (Maliha, 2018). In addition, what is no less important is technology, where this can increase production, for example when it is used to update the resulting design so that it is more leverage (Nurjannah, 2018).

CONCLUSION AND SUGGESTION

Conclusions that can be drawn after conducting the analysis and discussion are as follows:

- The significant effect is shown by the raw material variable on income in Biyodo Village, Gresik, namely 2.662 is the t-statistic value and 0.013 is sig. its value. Thus, the first hypothesis (H1) is accepted;
- A significant influence is shown by the labor variable on income in Biyodo village, Gresik, with t-statistic value is 2.187 and sig value is 0.038. So, the conclusion is the second hypothesis (H2) is accepted;

- Simultaneous and significant effect is shown by the variables of raw materials, technology and labor on income in Biyodo village, Gresik Regency, with F-statistic value is 6.601 and sig. value is 0.002. Thus, the third hypothesis (H3) is accepted.

So, this research produces several findings and conclusions, which raises some suggestions as follows:

- The main factor in an industry is raw material, the quality of raw material will have a direct effect on industrial products. In addition, the purchasing power and buying interest of customers are strongly influenced by the quality of the company's products, because when consumer demand and purchasing power increase, the income earned from craftsmen also increases. So, here the role of local governments in intervening that relation to the difficulties faced by craftsmen to obtain quality raw materials, it is very important. In addition, recommending and also providing the right solution is needed, for example, the suppliers are tasked with providing high quality rattan, but it is at an affordable price, it is very helpful for craftsmen to be able to produce rattan products with better results, and later can increase the purchasing power of customers. As a result, when consumer interest in buying products increases, and the number of products sold has also increased;
- The next important factor is labor. The expectation of industry to be able increasing its production, which results in more products being marketed, it can occur when a company has adequate and qualified workforce. So that more and more production will have an effect on increasing their income. For this reason, a skilled and more productive workforce needs to be owned by a company. It is because, it can make workers more agile during the production process, so the products that they produce will be more varied. So, the authors suggest in addition to increasing production, the quality is also maintained.

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