

THE INFLUENCE OF LABOR, CAPITAL, AND MANAGEMENT ON THE PRODUCTIVITY OF IMKM ASSISTED BY THE DINAS PERINDUSTRIAN DAN PERDAGANGAN KAB. TTU

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ABSTRACT

This study aims to determine the effect of labor, capital, management partially and simultaneously on productivity. The research data used is primary data through questionnaires. The method used is simple and multiple linear regression analysis. The results of this study prove that partially the labor variable, the management variable has a positive and significant effect on increasing productivity, in contrast to the capital variable it has a negative and significant effect on the productivity of micro, small and medium industries (IMKM). This indicates that productivity will increase if: good business planning, prioritizing the quality and quality of the work, adequate work wage planning, gradual strict supervision in production activities, workforce involvement in every education and job training and discipline in work. Meanwhile, simultaneously, the variables of labor, capital and management have a positive and significant effect on productivity. This study proves that these three variables make a significant contribution to increasing business productivity of the micro, small and medium industries (IMKM).

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1. INTRODUCTION

The productivity of a company/organization is built from a grand theory, namely agency theory. Agency theory is related to contractual relationships between members of a company/organization. The most widely used model focuses on two individuals-principal (or superior) and agent (or subordinate) and is viewed from a behavioral and structural perspective. (Meckling in (Ghozali, 2020). Principals delegate decision-making responsibilities to agents. Both principals and agents are assumed to be rational economic men who are only motivated by personal interests, but they may differ with respect to preferences, beliefs and information. "Agency theory states that the agent will behave self-interested (self-interested) which may conflict with the interests of the principal. Therefore, the principal will create a structured mechanism for supervising the agent in order to restrain opportunistic behavior and follow the will of the principal. (Fama da Jensen in (Ghozali) , 2020)

Company performance by minimizing costs will increase efficiency is the desired outcome from the perspective of agency theory. The owner will delegate work to the agent and the agent is expected to act in the interests of the owner (Wiseman et al., in (Ghozali, 2020).

According to Eisenhardt in (Ghozali, 2020) Agency theory states that there are two options for principals to reduce agency problems, namely first, creating a governance structure

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capable of monitoring and assessing the actual behavior of agents. This structure includes reporting procedures and the board of directors (Donaldson and Davis in (Ghozali, 2020), secondly, creates a governance structure where contracts are based on the outcome of agent behavior. For example, payment of incentive compensation for high performance. Risk is shifted to agents to create motivation for agent behavior so that according to the interests of the principal.

This agency theory is inseparable from the contract between the principal and the agent relating to the performance/productivity that will be produced by a company/organization within a certain period.

Productivity is the end result of a production activity that produces goods and services. Companies that have a global vision will always direct all of their business activities to be productive. The word productive is defined as the proper utilization of the resources owned by the company to produce a product of goods and services that have value for consumers. Limited resources are a challenge for a company. Of course the role of an operations manager is important in managing and utilizing the scarcity of these resources.

Effect of Labor on Productivity

Research (Herzer & Render, 2017) on labor variables on productivity suggests that labor contributes around 10% of the annual increase in productivity. Labor affects productivity because labor is a production factor that is directly involved in operational activities. Work experience is reflected in workers who have the ability to work in other places before. The more experience a worker gets, the more trained and skilled he is in carrying out his work (V. S. Putra et al., 2020). The research results (Simanjuntak & Suparno, 2014) show that labor has a significant effect on productivity. From the description above, the hypothesis proposed is as follows.

H1: Labor has a positive effect on productivity

Effect of Capital on Productivity

Research conducted by (Herzer & Render, 2017) on capital on productivity suggests that capital contributes around 38% of the increase in annual productivity. Capital affects company productivity, this arises because capital is the first and main factor in carrying out company operations (Wardani Adhitya et al., 2013). increasing the level of social capital is also very necessary in increasing productivity, all dimensions of social capital must be developed simultaneously and simultaneously in an area (Wardani Adhitya et al., 2013).

H2: Capital has a positive effect on productivity

The Effect of Management on Productivity

Research (Herzer & Render, 2017) on management on productivity suggests that management contributes around 52% of the increase in annual productivity. The results of research from (Adyana & Purnami, n.d.), (Sulaiman, n.d.) concluded that management has a positive and significant effect on productivity. From the description above, the hypothesis proposed is as follows. Research results from Umami Wahyuni and Alfi Hasaniyah. 2019 concluded that internal and external conflict management had a positive effect on work productivity.

H3: Management has a positive effect on productivity

Effect of Labor, Capital and Management simultaneously on Productivity

Research (Herzer & Render, 2017) on labor, capital and management on productivity suggests that labor contributes around 10%, capital contributes around 38% and management contributes around 52% of the increase in annual productivity.

H4: Labor, capital and management have a positive effect on productivity

2. METHOD

This study examines the influence of labor, capital, management variables partially and simultaneously on productivity. The data used in this research is primary data. The sample used

in this study was a saturated sample of 35 micro, small and medium industrial business units assisted by the TTU district industrial office. Data collection techniques through distributing questionnaires. The data analysis technique used is inferential statistical analysis with a simple linear regression test and multiple linear regression tests.

3.RESULT AND DISCUSSION

Effect of Capital on Productivity

Table 1. Coefficient and Capital Summary Model on Productivity

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	8.422	1.887		4.464	.000		
	Modal	1.173	.214	.690	5.476	.000	1.000	1.000

a. Dependent Variable: Productivity

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.690 ^a	.476	.460	3.003

a. Predictors: (Constant), Capital

b. Dependent Variable: Productivity

The simple regression equation for the effect of the capital variable (X₂) on the productivity variable (Y), with the simple regression formulation as follows: $Y = \alpha + \beta X_2 + \epsilon$
 From these data the following equation can be made:

$$Y = 8,422 + 1,273X_2$$

Sig. 0,000 0,000

Value = 8.422 explains that if there is no change in the capital variable, then the value of the productivity variable is 8.422. But if there is an addition to the capital variable of one (1) unit, productivity will increase by 1.273. The magnitude of the value of the correlation coefficient (R) of the capital variable (X₂) on total productivity (Y) is 1.273, which means that the influence between the capital variable on the productivity variable has a very strong influence. The coefficient of determination (R²) explains the variation in the value of productivity (Y) determined by the variable capital (X₂). From the results of the analysis of the coefficient of determination (R²) a value of 0.476 is obtained, meaning that the magnitude of the productivity variable (Y) is influenced by the capital variable (X₂) of 47.6% and the remaining 52.4% is influenced by other variables not included in this research model.

The findings of this study prove that capital has a positive and significant effect on productivity. Thus, the theoretical assumption that can be developed is that business capital can be obtained to start a business in increasing productivity from own capital or capital obtained from third parties (banks, non-bank financial institutions, etc.). This finding confirms the theoretical truth stated by (Herzer & Render, 2017) that capital contributes around 38% of the increase in annual productivity.

Another finding is that capital affects company productivity, this arises because capital is the first and main factor in carrying out company operations (Wardani Adhitya et al., 2013). increasing the level of social capital is also very necessary in increasing productivity, all dimensions of social capital must be developed simultaneously and simultaneously in an area

(Wardani Adhitya et al., 2013). The results of this study prove the truth of the hypothesis which says that capital has a positive and significant effect on productivity.

The Effect of Management on Productivity

Table 2. Coefficient and Management Summary Model on Productivity

Coefficients ^a							
Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance VIF
1	(Constant)	3.598	1.292		2.785	.009	
	Management	1.424	.121	.899	11.774	.000	1.000 1.000

a. Dependent Variable: Produktivitas

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.899 ^a	.808	.802	1.820

a. Predictors: (Constant), Management

b. Dependent Variable: Productivity

The simple regression equation for the effect of the management variable (X3) on the productivity variable (Y), with the simple regression formulation as follows: $Y = \alpha + \beta X_3 + \epsilon$
 From these data the following equation can be made:

$$Y = 3,598 + 1,424X_3$$

Sig. 0,009 0,000

Value = 3.598 explains that if there is no change in the management variable, then the value of the productivity variable is 3.598. But if there is an addition to the management variable of one (1) unit, productivity will increase by 1.424. The value of the correlation coefficient (R) of the management variable (X3) on total productivity (Y) is 1.424, which means that the influence between management variables on productivity variables has a very strong influence. The coefficient of determination (R²) explains the variation in the value of productivity (Y) determined by the management variable (X3). From the results of the analysis of the coefficient of determination (R²) a value of 0.808 is obtained, meaning that the magnitude of the productivity variable (Y) is influenced by the management variable (X3) of 80.8% and the remaining 19.2% is influenced by other variables not included in this research model.

The results of this study prove that management has a positive and significant effect on productivity. The theoretical assumptions developed from the results of this study are good business planning, good labor wage planning, gradual supervision of production activities from implementation to completion of production can increase productivity levels. This finding confirms the findings of (Herzer & Render, 2017) which suggests that management contributes around 52% of the increase in annual productivity.

The results of research from (Adyana & Purnami, n.d.) concluded that management has a positive and significant effect on productivity. The results of the research (Pamekasan & Wahyuni, 2019) concluded that internal and external conflict management has a positive effect on work productivity. The results of this study prove the truth of the hypothesis which says that management has a positive and significant effect on productivity.

Labor, capital, and management affect productivity

Table 3. Coefficient and Model Summary of Labor, Capital, Management on Productivity

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ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	619.998	3	206.666	103.329	.000 ^b
Residual	62.002	31	2.000		
Total	682.000	34			

a. Dependent Variable: Productivity

b. Predictors: (Constant), Management, Capital, Labor

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.953 ^a	.909	.900	1.414	2.339

a. Predictors: (Constant), Management, Capital, Labor

b. Dependent Variable: Productivity

Based on the results of the analysis of the simultaneous influence of labor, capital and management variables on productivity with an Fcount of 103.329 with a sig. 0.000, which means there is a simultaneous effect. The Adjusted R square value is 0.900, meaning that the percentage contribution to the influence of the labor variable (X1), capital variable (X2), management variable (X3) on the productivity variable (Y) is 90%, while the remaining 10% is influenced by other variables not included in this research model

The findings of this study prove that labor, capital, and management simultaneously have a positive and significant effect on productivity. The theoretical assumption that can be developed from this research is that productivity can be increased if one has an educated and skilled workforce and is disciplined in working, has both own capital and borrowed capital, has a business plan, plans for labor wages, carries out proper supervision and control. inherent in production process activities, prioritizing the quality and quality of production results, applying the principles of efficiency and effectiveness in production, adopting new technology in production activities.

This research confirms the theory from (Herzer & Render, 2017) that labor contributes around 10%, capital contributes around 38% and management contributes around 52% of the annual productivity increase. The results of this study prove the truth of the hypothesis which says that labor, capital and management have a positive and significant effect on productivity.

4.CONCLUSION

Based on the results of the influence test from this study, several conclusions can be drawn, as follows. This study shows that partially the labor variable, the management variable has a positive and significant effect on increasing and decreasing productivity, in contrast to the working capital variable having a negative and significant effect on the productivity of micro, small and medium industries (IMKM). This indicates that productivity will increase if: good business planning, adequate work wage planning, gradual strict supervision of production activities, involvement of the workforce in every job education and training and discipline at work. Labor, capital and management variables simultaneously have a positive and significant impact on productivity. The results of this study prove that these three variables contribute significantly to increasing the business productivity of each micro, small and medium industry (IMKM).

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