

The Contribution of MSMEs to Economic Empowerment Local Communities (Case Study: On Cahaya Catering in Lhokseumawe)

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ABSTRACT

This study aims to analyze the contribution of Micro, Small, and Medium Enterprises to the economic empowerment of local communities with a case study on Cahaya Catering in Lhokseumawe City, by focusing on three main indicators, namely employment, income, and skills to economic empowerment. Through a quantitative approach, data was collected from the selected respondents using a sample technique aimed at the total employee population based on the calculation of the Slovin formula. Testing the instrument through validity and reliability tests showed that the distributed questionnaire was valid and reliable after going through the process of eliminating inappropriate items. The results of the classical assumption test confirmed that the data was distributed normally, free from multicollinearity, and did not show any symptoms of heteroscedasticity.

INTRODUCTION

MSMEs are small-scale productive economic activities carried out by individuals or business entities independently. Based on Law No. 20 of 2008, MSMEs have an important role in the Indonesian economy because they are able to increase income, provide jobs, and reduce economic disparities. In the era of globalization, MSMEs are also one of the sectors that play a role in encouraging local economic growth and improving people's welfare. In Lhokseumawe City, MSMEs in the culinary sector, including catering businesses, are developing to meet the needs of the community in various activities, such as weddings, offices, and social activities. Although some catering businesses are centered in urban areas, there are also businesses that are developing in suburban areas, one of which is Cahaya Catering Lhokseumawe.

Cahaya Catering was founded in 2018 by Susanna, S.E., M.SM and is located in Uteunkot Village, Lhokseumawe. In addition to providing catering services, this business also provides economic opportunities for the surrounding community, especially housewives, daily workers, and casual workers. Through activities such as ingredient preparation, food processing, and customer service, people gain job opportunities, additional income, and skill development. Thus, Cahaya Catering not only contributes to the development of culinary MSMEs, but also to the empowerment and economic welfare of local communities (Nurhayati Harahap et al., 2023; Nasution et al., 2023).

LITERATURE REVIEW

This research literature review discusses the concept of MSME contribution, community economic empowerment, intervariable relationships, previous research, conceptual framework, and research hypothesis. MSMEs are understood as business sectors that contribute to the economy through job creation, income increase, poverty reduction, local economic strengthening, and increasing community economic activities. In this study, the contribution of MSMEs is specifically seen through employment (X1), income (X2), and skills (X3).

The theory of the contribution of MSMEs in research uses the concept of Development as Freedom from Amartya Sen. This concept explains that economic development is not only related to increasing income, but also expanding people's opportunities to obtain jobs and economic opportunities. Therefore, the existence of MSMEs such as Cahaya Catering is seen as a means that can expand economic opportunities, increase independence, and support community welfare.

Furthermore, community economic empowerment is understood as a process of increasing people's capabilities, independence, and welfare through increasing skills, access to economic resources, and involvement in productive economic activities. Empowerment is not only in the form of financial assistance, but emphasizes more on increasing community capacity to be able to carry out economic activities independently and sustainably.

Economic empowerment indicators in the study include skills improvement, access to economic resources, increased income, economic independence, and participation in productive economic activities. The foundation of empowerment theory also refers to Zimmerman's concepts of Psychological Empowerment, Organizational Empowerment, and Community Empowerment, which emphasizes the importance of self-confidence, involvement in business activities, and the collective ability of communities to improve welfare.

The relationship between variables explains that employment, income, and skills are related to the economic empowerment of local communities. Employment provides opportunities for communities to earn income; income helps increase the ability to meet economic needs and independence; while skills increase productivity, work quality, creativity, and people's ability to carry out economic activities.

Conceptual Framework

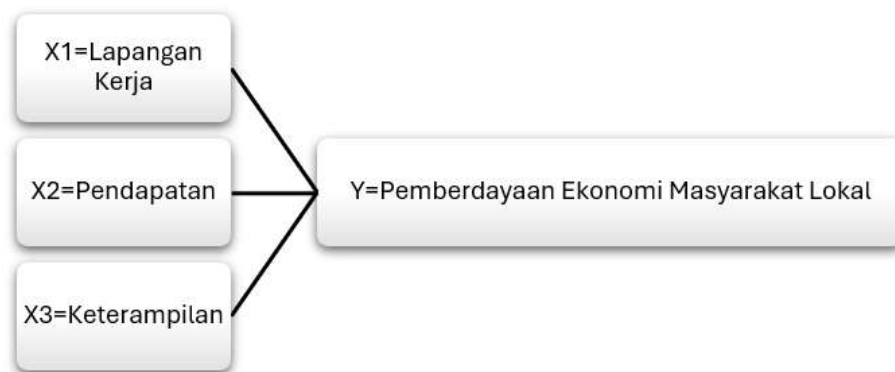


Figure 1. Conceptual Framework

METHODOLOGY

This study uses a descriptive quantitative approach with the research location at Cahaya Catering, Lhokseumawe. The research population is 50 employees with a sample of 33 respondents selected using purposive sampling and the Slovin formula. Primary data were collected through observation and questionnaires with the Likert scale. The variables studied included Employment (X1), Income (X2), Skills (X3), and Economic Empowerment of Local Communities (Y). Data were analyzed using SPSS through validity, reliability, classical assumptions, multiple linear regression, t-test, F test, and determination coefficient (R^2). The quantitative approach is used because the data obtained will be processed in the form of numbers and analyzed using statistical methods to test the hypothesis that has been formulated.

RESEARCH RESULT

This research was carried out using a quantitative approach through the distribution of questionnaires to all research respondents. The data obtained was then processed using *the Statistical Package for the Social Sciences* (SPSS) software to obtain analysis results that were in accordance with the research objectives. Data analysis was carried out through several stages, namely research instrument tests, classical assumption tests, multiple linear regression analysis, and hypothesis tests. Research instrument tests include validity tests and reliability tests to determine the feasibility of the instruments used. Furthermore, classical assumption tests are carried out to ensure that the data meets the requirements of the regression model. Multiple linear regression analysis is used to determine the effect of target accuracy and aid utilization on local economic activities, while hypothesis tests are used to determine the significance of the influence of independent variables on dependent variables.

Validity Test Results

Based on the results of the validity test of 29 statement items using the Corrected Item-Total Correlation value, it is known that the *r*-value of the table is 0.334. A statement item is declared valid if the calculated *r*-value is greater than the *r*-table. The test results showed that there were 26 statement items that had a calculated *r* value greater than 0.334, so they were declared valid and could be used in the study. Meanwhile, there were 3 items that did not meet the validity criteria, namely P2 with a value of -0.085, P7 with a value of 0.251, and P13 with a value of 0.331. The three items had a value smaller than the *r* of the table of 0.334 so they were declared invalid. Thus, the three invalid items, namely P2, P7, and P13, were excluded from the research instrument. After elimination, the number of statement items used in the study became 26 items. The results showed that most of the research instruments had met the validity requirements and could be used for the subsequent analysis process.

Reliability Test Results

Table 2. Reliability Test Results

Total Item	Cronbach'Alpha	Standar Reabilitas	Description
29	0,876	0,60	Realibel

Based on the results of the initial reliability test on 29 statement items, a Cronbach's Alpha value of 0.876 was obtained. This value is greater than the set minimum limit, which is 0.60. Therefore, the research instrument as a whole can be declared reliable or have a good level of consistency. Although the initial reliability value met the criteria, the validity test results showed that there were three invalid items, namely P2, P7, and P13. Therefore, the three items were removed and reliability tests were carried out again on the items that had been declared valid

Normality Test

Table 3. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Predicted Value
N		32
Normal Parameters ^{a,b}	Mean	26.6875000
	Std. Deviation	1.54195798
Most Extreme Differences	Absolute	.090
	Positive	.086
	Negative	-.090
Test Statistic		.090
Asymp. Sig. (2-tailed)		.200 ^{c,d}

The table above shows that the value of Asymp. Sig. (2-tailed) obtained is 0.200. This value is above the specified standard, which is 0.05 ($0.200 > 0.05$). This proves that the residual data in this regression model has a normal distribution. In conclusion, this research model has succeeded in meeting one of the eligibility requirements, namely the classical assumption test of normality.

Multicollinearity Test

Table 4. Multicollarity Test Results

Coefficients ^a								
Model	Unstandardized Coefficients			Standardized Coefficients		Sig.	Collinearity Statistics	
	B	Std. Error		Beta	t		Tolerance	VIF
1	(Constant)	-.127	3.983		-.032	.975		
	Tabel X1	.532	.281	.378	1.895	.068	.341	2.929
	Tabel X2	.300	.184	.338	1.634	.113	.317	3.157
	Tabel X3	.132	.157	.142	.841	.408	.475	2.107

Looking at the test results on the *Coefficients table*, this regression model is proven to be clean from correlation disturbances between independent variables. The eligibility requirements are that the *Tolerance* value must exceed 0.10 and the VIF value must not exceed 10. Based on the processed data, Table X1 shows a *Tolerance* of 0.341 and a VIF of 2.929; Table X2 of 0.317 and a VIF of 3.157; while Table X3 is of 0.475 and a VIF of 2.107. The summary of these figures tells us that all independent variables have passed the test very well. In conclusion, no symptoms of multicollinearity were found in this model, so the relationships between variables could be analyzed fairly without any overlap.

Heteroscedasticity Test

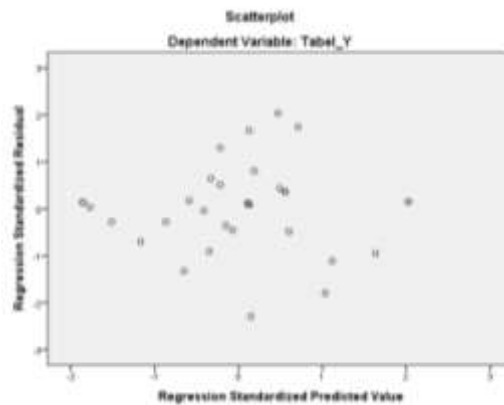


Figure 3. Heteroscedasticity Test

To see if this research model is affected by heteroscedasticity problems or not, we can directly check it through the *Scatterplot* graph above. The way to read it is quite easy, we just need to see how the data points are spread. If the data points are randomly spread above or below the number 0 on the Y axis without forming a certain pattern such as waves, straight lines accumulating, or widening like funnels, it means that our data is safe. If we look at the graph produced, the rounded points appear to be spread freely and evenly. Since there is absolutely no regular pattern formed, we can conclude with confidence that the regression model in this study is clean of heteroscedasticity problems. The conditions of this classic assumption have been fulfilled very well.

Multiple Linear Regression Test

Table 6. Multiple Linear Regression Test Results

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients		Sig.	Collinearity Statistics	
		B	Std. Error	Beta	t		Tolerance	VIF
1	(Constant)	-.127	3.983		-.032	.975		
	Tabel X1	.532	.281	.378	1.895	.068	.341	2.929
	Tabel X2	.300	.184	.338	1.634	.113	.317	3.157
	Tabel X3	.132	.157	.142	.841	.408	.475	2.107

a. Dependent Variable: Tabel Y

a. Dependent Variable: Tabel_Y

Based on the results of multiple linear regression analysis, the following equations were obtained.

$$Y = -0,127 + 0,532X_1 + 0,300X_2 + 0,132X_3$$

The equation shows the relationship between independent variables and dependent variables in this study.

Based on the regression equation above, it can be explained as follows.

- The constant value of -0.127 indicates that if the variables of Employment, Income, and Skills are considered constant, then the value of Local Community Economic Empowerment is -0.127.
- The regression coefficient value of the Employment variable (X1) of 0.532 indicates that every increase in one unit of Employment will increase the

Economic Empowerment of Local Communities by 0.532, assuming the other variables are fixed.

- c. The regression coefficient value of the Income variable (X2) of 0.300 indicates that every increase of one unit of Income will increase the Economic Empowerment of Local Communities by 0.300, assuming that other variables are fixed.
- d. The regression coefficient value of the Skill variable (X3) of 0.132 indicates that every increase of one unit of Skill will increase the Economic Empowerment of Local Communities by 0.132, assuming the other variables are fixed.

In general, all regression coefficients have a positive value, so that the increase in each independent variable tends to be followed by an increase in the Economic Empowerment of Local Communities.

T Test (Partial)

Table 7. T Test Results

Model	Uji t
(Constant)	-.032
Tabel X1	.068
Tabel X2	.113
Tabel X3	.048

Source: SPSS-Processed Data

Based on the results of statistical calculations, the variable of Table X1 recorded a significance number of 0.068. Because this number is above the minimum limit of 0.05, it means that Table X1 has not had a significant influence on Table Y. Similar conditions are also seen in Table X2 with a significance value of 0.113, and Table X3 which is at 0.408. Because the significance value of the three variables is all greater than 0.05, we can conclude that partially, neither Table X1, Table X2, nor Table X3 have a significant influence on Table Y.

F Test (Simultaneous)

Table 8. Test Results F

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	73.707	3	24.569	15.230	.000 ^b
	Residual	45.168	28	1.613		
	Total	118.875	31			
a. Dependent Variable: Tabel Y						
b. Predictors: (Constant), Tabel X3, Tabel X1, Tabel X2						

Furthermore, to prove whether all independent variables are indeed influential simultaneously, we can examine the ANOVA table. Based on the calculation results, this model records an F value of 15.230 with a significance value of 0.000. Since this significance value is well below the threshold of 0.05 ($0.000 < 0.05$), we can confidently conclude that Table X1, Table X2, and Table X3 together have a significant influence on Table Y

Determination Coefficient Test (R2)

Table 9. R2 Test Results

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.787 ^a	.620	.579	1.27010
a. Predictors: (Constant), Tabel X3, Tabel X1, Tabel X2				
b. Dependent Variable: Tabel Y				

From the results of the data processing in the Model Summary table above, we can see how much the ability of independent variables to explain dependent variables. The R Square number obtained is 0.620. This shows that the variables of Table X1, Table X2, and Table X3 together contribute 62% to the rise and fall of Table Y. Meanwhile, for the remaining 38%, this is explained by other factors or variables outside the focus of this study.

DISCUSSION

The Influence of Employment on the Economic Empowerment of Local Communities

The results of the study show that employment does not have a significant effect on the economic empowerment of local communities. Although it has a positive relationship, the availability of jobs alone is not enough to increase economic empowerment in real terms. This can be influenced by the quality of work, wage levels, job stability, and the ability of the community to take advantage of job opportunities. Therefore, job creation needs to be accompanied by an improvement in the quality of work and the ability of the community.

The Influence of Income on the Economic Empowerment of Local Communities

The results of the study show that income does not have a significant effect on the economic empowerment of local communities. Although the relationship between income and economic empowerment is positive, increasing income does not necessarily increase the community's ability to develop productive economic activities. The income obtained can be used more to meet daily needs. Therefore, increasing income needs to be supported by access to capital, business assistance, and good financial management in order to strengthen the community's economic independence.

The Influence of Skills on the Economic Empowerment of Local Communities

The results of the study show that skills do not have a significant effect on the economic empowerment of local communities, even though they have a positive relationship. This condition shows that the skills possessed by the community are not strong enough to have a real impact on economic empowerment. One of the reasons is that skills are not fully in accordance with market needs and have not been supported by capital, facilities, marketing access, and application opportunities. Therefore, skills training needs to be adjusted to local economic potential and market needs and accompanied by mentoring.

Simultaneous Effects of Employment, Income, and Skills

Together, employment, income, and skills have a significant effect on the economic empowerment of local communities. The results of the F test show a significance value of $0.000 < 0.05$, so that these three variables are simultaneously proven to have an influence on economic empowerment. These findings show that economic empowerment is not enough to be carried out through one aspect alone, but requires integration between job opportunities, income increase, and community skill development.

Policy Implications

The implications of the study show that Cahaya Catering needs to implement an integrated empowerment strategy. Each aspect of employment, income, and skills does not have a significant influence individually, but when combined it is able to have a strong influence on the economic empowerment of the community. Therefore, management needs to carry out programs to create job opportunities, increase income, and strengthen skills simultaneously so that the impact on the economic empowerment of local communities is more optimal.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the research, Cahaya Catering MSMEs have a positive role in the economic empowerment of local communities through the provision of jobs, increased income, and skill development. Although these three variables do not partially have a significant effect, together they have a significant influence on the economic empowerment of local communities. Therefore, Cahaya Catering is recommended to improve worker coaching and training and expand employment opportunities for local communities. The government and related agencies are also expected to provide support through training, mentoring, and ease of access to capital so that MSMEs can develop and provide greater economic benefits.

ADVANCED RESEARCH

The next research is suggested to add other variables, such as access to capital, business innovation, and the use of digital technology, so that the study of community economic empowerment becomes more comprehensive.

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