

## Determinants Of Culinary Enterprise Prosperity And Its Contribution To Regional Incomein The City Of Samarinda

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**Abstract.** *The Aim Of This Research Is To Determine The Contribution Of Culinary Business Actors To Regional Income And Influencing Factors In The City Of Samarinda. This Research Uses A Quantitative Analysis Approach That Adopts Partial Least Square (PLS). PLS Is A Powerful Analysis Method Because It Is Not Based On Many Assumptions. Based On The Findings, It Shows That Social Capital Is The Variable That Has The Greatest Influence, Both Directly On Business Performance And The Welfare Of MSME Actors. This Can Be Proven By The Largest Estimated Coefficient. For This Reason, Social Capital Is The Most Important Factor To Pay Attention To In Improving The Welfare Of Culinary Business Actors In Samarinda. The Emergence Of A Sense Of Solidarity That Small Businesses Are A Form Of Small Economic Activity That Is Able To Survive Amidst The Difficulties Of The Indonesian Economy Indicates The Role Of Social Capital In The Community's Economy. It Is Called Social Capital, Because Starting Small And Micro Business Activities Usually Starts With Information From Relatives, Friends, Neighbors Or Family Who Have Tried Before. They Help Each Other With Capital, Supply Of Raw Materials, Housing And Information, Such As Business Location Information, Capital Loans.*

**Keywords :** *Well Being, MSMEs, Regional Revenue*

### INTRODUCTION

The development and growth of MSMEs is an important concern for the government, especially in the city of Samarinda. MSMEs are considered the main players in economic activities. MSMEs are important players in local economic development and community empowerment as well as being creators of new markets and providers of employment opportunities. Based on data from the Samarinda City Cooperatives, SMEs and Industry Department, the growth of MSMEs before Covid 19, namely from 2017 – 2019, the average growth in the culinary business was 4%, with the highest number in 2019, namely 21,533 units or a growth of 4.2% compared to in 2018, namely 20,665 units. However, due to the Covid-19 pandemic at the beginning of 2020, the growth of the culinary MSME business in the city of Samarinda experienced a drastic decline of up to 53%, namely only 10,042 units. After experiencing a period of recovery in 2021, the number of Micro Businesses in the culinary sector in the city of Samarinda has again increased very significantly to reach 52.5%, namely 15,319 units compared to 2020, which was only 10,042 units. Even in 2022 culinary business players in micro businesses will experience an increase again, namely by 16,111 units or an increase of 5.17%.

The culinary sector is the field most involved in by micro entrepreneurs. This is probably because during the Covid-19 pandemic, many people were hit by a storm of layoffs,

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and of course in the end they had to struggle again to find work in the new normal era. Most of them look at the profession as MSMEs because it is quite promising. This has led to an increase in MSME players, especially in the food and beverage industry sector. One type of MSME that will not disappear forever is the culinary business. Sandiaga Uno as Minister of Tourism and Creative Economy of the Republic of Indonesia said that culinary is one of the locomotives for the revival of Indonesia's creative industry. During the pandemic, culinary was classified as a sector that had a moderate impact on culinary practitioners who had food outlets, because restrictions on mobility and efforts to reduce crowds meant that restaurants had to be temporarily closed. However, this decline was offset by the emergence of MSMEs selling culinary products via digital platforms as a strategy for culinary practitioners to survive during the pandemic (Nurmala et al., 2022).

The phenomenon that exists in culinary micro businesses in Samarinda shows that the welfare level of MSME actors is still relatively low and has not yet been achieved optimally. Even though the number of business units is increasing from year to year, the income obtained from this business is not yet as expected. This is possibly due to the government's role as facilitator, catalyst or regulator not yet running according to existing targets. This is confirmed by the findings of Roy et al. (2022) which states that the income of MSME actors has not increased significantly even though they receive business assistance from the government, this is due to a lack of financial knowledge so that good and clear management is not created, this affects the existence of MSME businesses. Lack of trust from customers, difficulty in getting capital assistance, and lack of collaborative networks with other business partners are social capital problems for MSME players so far. Another problem also occurs because most of the culinary micro business actors in Samarinda have no previous culinary business experience, they decided to get involved in this business because they felt it was easier to do and realize so they could continue their lives after they were economically impacted by the Covid-19 pandemic. , so it is quite difficult to develop a business and improve its business performance, because the impact felt by MSMEs is a decrease in sales, so they are not committed to generating commensurate turnover (Jiuhardi et al., 2022).

## **LITERATURE REVIEW**

### **Welfare Theory**

The definition of prosperity according to the Big Indonesian Dictionary (KBBI) is a condition where all residents have a sense of security, safety, peace of mind and health. Meanwhile in Law no. 11 of 2009, social welfare is a condition where the material, spiritual

and social needs of a citizen are fulfilled so that they can live a decent life and can develop themselves to be able to carry out their social functions.

### **Business Performance Theory**

Performance refers to the level of achievement or achievements of the company within a certain time period. The performance of a company is something that matters very decisive in the development of the company. The company's objectives consist of: to remain standing or exist (survive), to gain profit (benefit) and be able to develop (growth), can be achieved if the company has good performance. The company's performance can be seen from the level of sales, profit level, return on capital, turnover rate and market share achieved (Suci, 2009).

### **Social Capital Theory**

In the current competitive era, every organization needs to improve and emphasize the role of social capital in the performance and survival of the organization. Therefore, social capital is very important in supporting or contributing to the performance of an organization. The term social capital first appeared in 1916 when there was a discussion about efforts to build community learning centers (Cohen & Prusak, 2001). Adler and Kwon (2000) synthesized the concept of social capital originating from various perspectives and provided the following definition of social capital: "Social capital is the goodwill available to individuals or groups. Its source lies in the structure and content of the actor's social relations. Its effects flow from the information, influence, and solidarity it makes available to the actor".

### **Micro, Small and Medium Enterprises (UMKM) Theory**

MSMEs are an extension of Micro, Small and Medium Enterprises, which have an important role in economic growth and development in developed and developing countries. The definition of SMEs according to Law No. 20 of 2008 article 1, states that micro businesses are productive businesses owned by individuals or individual business entities that have the criteria for micro businesses as regulated in the Law. A small business is a productive economic enterprise that stands alone, which is carried out by an individual or a business entity that is not a subsidiary or subsidiary that is owned, controlled, or is part, either directly or indirectly, of a medium or large business that meets the criteria for a small business. Medium businesses are productive economic businesses that stand alone, and are carried out by individuals or small or large business entities with net assets or annual sales proceeds as regulated in the Law.

### **Resource Based Theory**

This theory was first put forward by Wernerfelt (1984) in his work entitled "A Resource-based view of the firm". Resources Based Theory discusses the resources a company

has and how the company can manage and utilize the resources it has. In this research, the research object is a company or organization or individual at the MSME level. Wernerfelt (1984) explains that according to the RBV view, organizations will excel in business competition and obtain good financial performance by owning, controlling and utilizing important strategic assets (tangible and intangible assets). Randa and Solon (2012) stated that a potential strategy to improve organizational performance is to combine tangible assets and intangible assets. Investors will give high value to companies that have greater capabilities (intellectual capital).

### **Regional Income**

Implementation of regional growth to accelerate equitable development in order to increase growth potential optimally. Implementing regional development requires very large costs. Sources of revenue in order to increase regional growth potential are contained in Law no. 32 of 2004 concerning Regional Government consists of: 1) Original Regional Income 2) Balancing Fund and 3) Other legitimate income.

### **METHOD**

This research is research in the form of a survey that analyzes the influence of the role of government and social capital on the welfare of MSME actors through business performance. The survey was carried out through a questionnaire given or addressed to the research object. The object of this research is culinary micro business actors in the city of Samarinda. Research was carried out on MSMEs which are under the guidance of the Samarinda City Cooperatives, SMEs and Industry Department. This research will be carried out in the sub-district area, with a time period of July 2023.

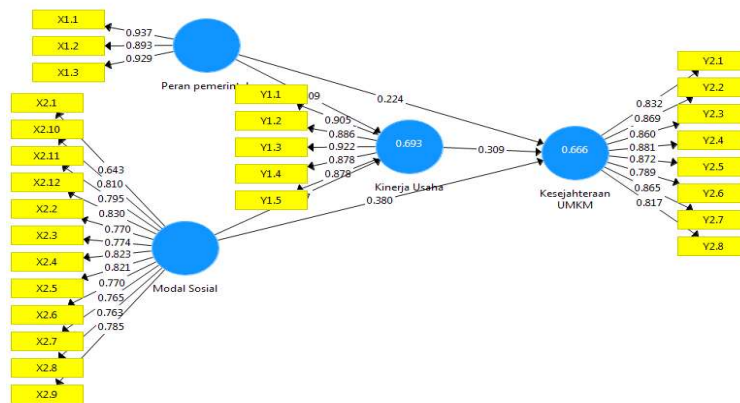
This research uses primary data. Primary data is data obtained from the first source, either from individuals, such as the results of interviews or the results of filling out questionnaires (Sekaran & Bougie, 2017). Primary data in this research is data measured directly by researchers by distributing questions containing the role of government, social capital, business performance and the welfare of business actors. The survey was carried out by distributing questionnaires both online and offline to management or owners of culinary micro businesses in the city of Samarinda.

This research uses a quantitative analysis approach that adopts Partial Least Square (PLS). PLS is a powerful analysis method because it is not based on many assumptions. The advantages of this PLS method are that the data does not have to have a multivariate normal distribution, the sample size does not have to be large, and PLS can not only be used to confirm

theories, but can also be used to explain whether or not there is a relationship between latent variables. In accordance with the hypothesis that has been formulated, this research is an inferential statistical data analysis. Inferential statistics, inductive statistics, or probability statistics are statistical techniques used to analyze sample data and apply the results to a population. Then it is measured using SmartPLS (Partial Least Square) software starting from hypothesis testing.

## RESAULT AND DISCUSSION

### Convergent Validity (Outer Loading)



**Figure 1. Results of Construct Validity Analysis**

Based on Figure 1 above, it can be seen that all loading factor values are above 0.5 and not a single indicator has a loading below 0.5. Thus no indicators are excluded in the model

### Path Coefficient

The path coefficient ( $\beta$ ) shows the influence between construct variables through a bootstrapping procedure. The path coefficient ( $\beta$ ) is expected to be in the range  $-1$  to  $1$ . The positive (+) or negative (-) sign describes the type of influence of one variable on another variable. The significance value is obtained from the t-statistical test value using a two-tailed test with a significance level of 5% or  $\geq 1.96$ . Meanwhile, the p-value is tested with a significance level of 5% or lower than 0.05. Following are the results of the path coefficient test in Table 1.

**Table 1. Path Coefficient Test**

	Original Sample (O)	T Statistics ( $ O/STDEV $ )	P Values	T-Tabel	Information
KU -> KP	0.309	2.799	0.005	1.960	Positive Signifikan

MS -> KP	0.380	2.966	0.003	1.960	Positive Signifikan
MS -> KU	0.617	7.804	0.000	1.960	Positive Signifikan
PP -> KP	0.224	2.294	0.022	1.960	Positive Signifikan
PP -> KU	0.309	3.669	0.000	1.960	Positive Signifikan
PP= Government role; MS= Social Capital, KU= Business performance, KP= Welfare of MSME actors					

Source: Primary Data Processed by SMARTPLS3.27 (2023)

### Analysis of Regional Tax Contribution

Based on the realization of the original regional income of the city of Samarinda, it can be seen that changes in the realization of the original income of the city of Samarinda in the last 5 years where in 2017 the original income of the city of Samarinda was very high with a figure of 517,499,223,222.34. In the following year it experienced a decline with a realization figure of 499,229,231,885.96 and in 2019 the realization of Samarinda City's original regional income rose again, although not as high as in 2017, amounting to 560,679,282,249.81. Meanwhile, in 2020, during the Covid 19 pandemic, PAD decreased to Rp. 471,906,803,382.96 and will increase again in 2021 to Rp. 594,801,655,082.71 and will continue to increase in 2022 to Rp. 747,063,789,293.18. Even though it is a small percentage, restaurant tax contributes to the increase and decrease in PAD in the city of Samarinda. This can be seen from the results of the contribution analysis as in Table 2.

**Table 2 Contribution of Restaurant Tax to Original Regional Income**

Observation Period	Realization of Restaurant Tax	Realization of PAD	Contribution	Category
2015	34,178,845,016.61	408,195,248,641.01	8.37%	Very less
2016	40,476,009,169.05	391,478,411,832.07	10.34%	Not enough
2017	44,947,506,757.27	517,499,223,222.34	8.69%	Very less
2018	57,135,686,655.37	499,229,231,885.96	11.44%	Not enough
2019	70,734,847,010.81	560,679,282,249.81	12.62%	Not enough
2020	48,043,359,230.12	471,906,803,382.96	10.18%	Not enough
2021	61,204,829,537.17	594,801,655,082.71	10.29%	Not enough
2022	89,892,052,940.22	747,063,789,293.18	12.03%	Not enough
Rata – rata			11.31%	Not enough

Source: Secondary data processed, 2023

## CONCLUSION

Based on the findings, it shows that social capital is the variable that has the greatest influence, both directly on business performance and the welfare of MSME actors. This can be proven by the largest estimated coefficient. For this reason, social capital is the most important factor to pay attention to in improving the welfare of culinary business actors in Samarinda. The emergence of a sense of solidarity that small businesses are a form of small economic activity that is able to survive amidst the difficulties of the Indonesian economy indicates the role of social capital in the community's economy. It is called social capital, because starting small and micro business activities usually starts with information from relatives, friends, neighbors or family who have tried before. They help each other with capital, supply of raw materials, housing and information, such as business location information, capital loans.

Judging from the lowest assessment of social capital in the culinary business item, it is easy to find capital assistance, indicating that culinary entrepreneurs still experience difficulties in seeking capital assistance. In this way, the government's role as a regulator, catalyst and facilitator can increase its role in improving the performance of culinary businesses, by issuing policies that make it easier for culinary business actors to obtain capital assistance at low interest rates.

The low contribution of restaurant taxes to PAD in the city of Samarinda shows that the growth of the culinary business in Samarinda City is not in line with the tax growth achieved in this business sector. This is due to the low participation of culinary business actors in collecting taxes in the food and drink sector. Based on the data, it shows that the majority of respondents do not yet have NPWPD, indicating that the participation/participation in adding 10% restaurant tax to local governments by culinary business actors is still low, so this has an impact on low levies as well. For this reason, the regional government or Samarinda City Regional Revenue Agency should be more active in providing outreach, education, convenience and facilities for prospective regional taxpayers if they participate in collecting this regional restaurant tax.

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