Analysis of Factors Affecting the Income of Traditional Traders in Karo District
(Case Study at Berastagi Fruit Market)

Jessi Charina Sembiring¹, Sya’ad Asifuddin², Murni Daulay³

¹,²,³ Faculty of Economics and Business, Universitas Sumatera Utara, Indonesia
Corresponding Author: Jessi Charina Sembiring

ABSTRACT
The general purpose of this research is to analyze analysis of factors affecting the income of traditional traders at Berastagi Fruit Market. Then the specific objective is to analyze the influence of variables such as working capital, length of business, type of merchandise and working time on the income of traditional traders in the Berastagi Fruit Market. The samples in this study were 161 traders with simple random sampling technique with a total population of 270 traders. The analytical method used is ordinary least square with multiple linear regression equations using the Eviews 7 application. The data used in this study are primary data and the data source comes from interviews and questionnaires given to traditional traders of the Berastagi Fruit Market. The results of this study indicate that working capital, length of business, type of merchandise and working time jointly influence the income of traditional traders in the Berastagi Fruit Market. Partially, working capital, length of business, type of merchandise and working time have a positive effect on the income of traditional traders in the Berastagi Fruit Market and all independent variables are in accordance with the hypothesis.

Keywords: Working Capital, Length of Business, Type of Merchandise, Working Time, Income of Traditional Traders

INTRODUCTION
The economic development of a country or a region cannot be separated from the economic activities of the community, the economy is formed from several business sectors, both the formal and informal sectors, with the aim of getting a decent income to meet the needs of life and for the welfare of family members. Everyone tries to work, in this case, but only hopes for income, the higher a person's income, the higher the level of welfare of his family members and the more needs and wants can be achieved.

Karo Regency is an area with quite extensive agricultural potential and a very large number of products so that the main livelihood of the population is agriculture. In addition, Karo Regency is one of the main tourist destinations in North Sumatra Province which has the potential to be no less attractive than other tourist destinations in Indonesia. Based on data GRDP based on business fields, agriculture and trade sectors are the largest contributors to Karo District, the agricultural sector contributes an average of 57% of GRDP to Karo District, while trade potential is the second largest contributor in Karo Regency, which is 9.59%. The potential of Karo Regency in the tourism, trade and agriculture sectors is very high and has good prospects in the long term.

The development of the tourism sector in a country will attract other sectors to develop as well because its products are needed to support the tourism industry, such as agriculture, trade, livestock, plantations, handicrafts, increased employment opportunities and so on. In Indonesia, tourism is the third largest foreign exchange earner after oil and textiles. This proves that the tourism service industry has a large
enough potential to become the backbone of
the economy in the future (Admesia, 2014:2). Apart from the tourism sector,
Tanah Karo has an agricultural sector as a
leading sector that provides a major
contribution to the GRDP of Karo Regency.
This condition is a great opportunity for
traders to increase their income, because the
increase in community income is also able
to encourage economic growth in the area.

High economic growth in a region
does not necessarily guarantee high
prosperity for its people; this is when it is
followed by a high population growth rate.
High prosperity is reflected more in the
growth rate of per capita income, because
when viewed from a consumption point of
view, it means that people will have the
opportunity to enjoy goods and services in
larger quantities or higher quality. The level
of prosperity of the population of an area is
usually measured by the size of the per
capita income figure obtained from the
division between regional income and the
mid-year population (BPS Karo, 2006).

Most of the agricultural products in
Karo Regency are absorbed and
accommodated in the Berastagi Fruit
Market in Berastagi. So that there is an
interrelated relationship between the Fruit
Market traders in Karo Regency, especially
traditional traders and farmers in Karo
Regency, because most of the products sold
are products of the agricultural sector in
Karo Regency. Moreover, it is known that
Berastagi District has the second largest
number of traders compared to other
Districts.

Berastagi Fruit Market is one
indicator of tourist destinations in Karo
Regency. If the Berastagi Fruit Market is
visited by many tourists, the level of tourist
visits to North Sumatra is certain to also
increase. This has an impact on increasing
income for traders of the Berastagi Fruit
Market from the tourism sector and
economic turnover from the trade sector in
Karo Regency.

The prospect of the trade sector in
the Berastagi Fruit Market will continue to
develop accompanied by the rapid number
of visits by domestic and foreign tourists
indicating the need for in-depth studies of
developments, prospects and internal and
external factors that affect the income of
Berastagi Fruit Market traders and the
ability to survive traditional markets as a
result, the development of modern souvenirs
market today.

The welfare of a trader can be
measured from his income, therefore the
factors that affect the merchant's income
must be considered so that the merchant's
income is stable and his welfare increases so
that the trading activities in the market
continue to run smoothly, the number of
existing traders will continue to survive and
increase. In starting a trading business, one
of the most important things needed is
capital.

Capital is very important in doing
business, including trading. According to
Sawir (2001) working capital is the total
current assets owned by the company or it
can also mean the funds that must be
available to finance the company's
operations. Capital is all forms of wealth
that can be used directly or indirectly in the
production process to increase output.
Capital for trading can come from internal
traders and other sources apart from traders,
both in the form of loans from banks and
non-bank institutions. Based on the results
of interviews with several traders at the
Berastagi Fruit Market, many complained
about the difficulty of obtaining capital, to
get a capital loan there must be collateral
that they submit as collateral for the loan.
However, many of the traders did not meet
these requirements, and the high interest
that had to be paid made it a problem. This
is a problem related to the capital of
traditional market traders.

Apart from the capital factor, length
of business also affects the income of
traders. The longer the business has been
established, the more income the merchant
will have. In running a business, business
length plays an important role in the process
of conducting a trading business (Utama,
The duration of an effort can lead to a business experience, where the experience can influence one's observations in behavior (Asmie, 2008). This is because in general, long-standing businesses are able to adopt more mature policies based on existing experience. This can certainly increase market traders' income.

The types of merchandise at Berastagi Fruit Market are also very varied, such as fruits and vegetables, handicraft souvenirs, clothing, pets and foods such as roasted corn. So it is natural that the number of traders in the Berastagi Fruit Market is very large. The type of trade will also affect how much capital and even the income of market traders, which will affect the welfare of market traders.

Type of trade is the type of goods or services that will be sold by traders in the market. Traditional markets have their own rules in determining the type of merchandise. This rule is related to the placement of trade locations according to the type of trade in a zoning pattern or grouping of trade types. The zoning pattern is applied to markets that have various types of merchandise.

Apart from that, other internal factors such as time, appropriate and flexible working hours also affect income. The willingness of workers to work long or short hours is an individual decision (Nicholson, 2011). The longer working time will certainly provide more opportunities to attract visitors who come and the short time tends to affect the trader's current income.

Micro, Small and Medium Enterprises (MSMEs) exist as a solution to a healthy economic system. Micro, Small and Medium Enterprises (MSMEs) are small businesses that can generate annual turnover of Rp200,000,000-Rp600,000,000 without including land and buildings and have 5 to 19 workers. Meanwhile, medium-sized enterprises are business entities with a maximum annual turnover of Rp200,000,000 to Rp10,000,000,000 excluding land and buildings with a workforce of 20-99 people who are carried out by individuals or business entities.

In general, MSMEs in the national economy have the following roles: 1) As a major player in economic activity, 2) The largest provider of employment, 3) An important player in local economic development and community empowerment, 4) Creator of new markets and innovation, and 5) Contribution to balance of payments (Departemen Koperasi dan UKM, 2012).

Income in economics is defined as the result of money or other material things that are achieved from the use of free human wealth or services. Income is a person's net income, either in cash or in natural form. Income or also known as income from a citizen is the result of sales from the production factors he has in the production sector.

The definition of a simple market that is often heard in the community, where the market is a meeting place for sellers and buyers to carry out buying and selling transactions of goods and services. The conditions for a market are: 1) There is a place to trade, 2) There are goods and services to be traded, 3) There are sellers of certain goods, 4) There are buyers of goods, and 5) There is a relationship in buying and selling transactions.

Traders are people who run a business selling, handicrafts, or small carpentry businesses (Sudirmansyah, 2011).

**RESEARCH METHODS**

This research is about the income of traditional traders in Berastagi Fruit Market, Karo Regency and the factors that influence it. The research location is carried out in the fruit market in Berastagi. The variables studied were working capital, length of business, type of merchandise and working time which were independent variables and the income of traditional traders of the Berastagi Fruit Market as the dependent variable.

The type of data in this research is primary data which is obtained directly in the field, namely to traditional traders in the
Jesli Charina Sembiring et.al. Analysis of factors affecting the income of traditional traders in Karo District (case study at Berastagi fruit market)

Berastagi Fruit Market. Primary data is in the form of direct data collected through interviews with respondents and using a tool, namely a list of questions.

The population in this study were traditional traders in the Berastagi Fruit Market. Traders data taken in the population of this study were 270 traditional traders in the Berastagi Fruit Market.

The sampling technique was carried out by simple random sampling (Sugiyono, 2003). The sampling method using the slovin formula (Umar, 2008). The sample in this study were 161 traders.

The test of the suitability of the statistical coefficient of each independent variable be it the t test, F test and the coefficient of determination can be calculated with the help of a computer through the Eviews 7 program.

RESULT

The degree of probability value is obtained from the processing results of the Eviews 7 program as shown in the following table:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Probability</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 (Working Capital)</td>
<td>0.0000</td>
<td>Significant</td>
</tr>
<tr>
<td>X2 (Length of Business)</td>
<td>0.2921</td>
<td>Insignificant</td>
</tr>
<tr>
<td>X3 (Type of Merchandise)</td>
<td>0.0000</td>
<td>Significant</td>
</tr>
<tr>
<td>X4 (Working Time)</td>
<td>0.0000</td>
<td>Significant</td>
</tr>
<tr>
<td>Y (Income of Traditional Traders)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research Results

Based on the hypothesis test criteria from Table 1, it can be seen that:

**Working Capital (X1)**

The probability value for the working capital variable is 0.0000 at an error rate (α) of 5%, so it can be concluded that partially the length of business variable has a positive and significant effect (0.2921>0.05) on the income of traditional traders in the Berastagi Fruit Market in Karo District.

**Length of Business (X2)**

The probability value for the length of business variable is 0.1326 at an error rate (α) of 5%, so it can be concluded that partially the length of business variable has a positive and insignificant effect (0.2921>0.05) on the income of traditional traders in the Berastagi Fruit Market in Karo District.

**Type of Merchandise (X3)**

The probability value for the variable type of merchandise is 0.0000 at an error rate (α) of 5%, so it can be concluded that partially the type of merchandise variable has a positive and significant effect (0.0000<0.05) on the income of traditional traders in the Berastagi Fruit Market in Karo District.

**Working Time (X4)**

The probability value for the working time variable is 0.0000 at an error rate (α) of 5%, so it can be concluded that partially the working time variable has a positive and significant effect (0.0000<0.05) on the income of traditional traders in the Berastagi Fruit Market in Karo District.

| Source: Research Results |

Based on the above analysis, the prob value, F is 0.000000<error rate (α) 0.05. Thus, H₀ is rejected and Hₐ is accepted.

This shows that working capital (X₁), length of business (X₂), type of merchandise (X₃), working time (X₄) simultaneously have a significant effect on income of traditional traders (Y) in the Berastagi Fruit Market in Karo District.

**Coefficient of Determination**

<table>
<thead>
<tr>
<th>R²</th>
<th>Source: Research Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.7344</td>
<td></td>
</tr>
</tbody>
</table>

Based on Table 3, the results of the empirical model show that R² of 0.7344 is between 50< R² <0.90. This means that the model built on income of traditional traders which is determined by the variables of
working capital ($X_1$), length of business ($X_2$), type of merchandise ($X_3$), working time ($X_4$) is not good because $R^2=0.7344<0.90$.

The coefficient of determination (R Square) of 0.7344 provides information that together the variables of working capital ($X_1$), length of business ($X_2$), type of merchandise ($X_3$), working time ($X_4$) are able to provide variations in income of traditional traders variable by $73.4\%$, while the remaining $26.6\%$ is explained by other factors not included in this research model.

**CONCLUSION AND SUGGESTION**

**CONCLUSION**

The results of this study indicate that working capital, length of business, type of merchandise and working time jointly influence the income of traditional traders in the Berastagi Fruit Market. Partially, working capital, length of business, type of merchandise and working time have a positive effect on the income of traditional traders in the Berastagi Fruit Market and all independent variables are in accordance with the hypothesis.

**SUGGESTION**

Based on the research results and conclusions above, the authors provide several suggestions, as a form of implementation of the results of this study as follows:

1. In connection with the business capital carried out by the Berastagi Fruit Market traders, it is necessary to regulate capital management, because most of the traders' capital comes from their own capital so it is necessary to separate income from trading with family income so that the business is sustainable. To overcome the problem of business capital, the participation of the community, government and third parties, in this case banks and other micro-finance institutions, is required to provide business capital assistance with soft and unsecured loans to the traders of the Berastagi Fruit Market.

2. In connection with the business time of the Berastagi Fruit Market traders, a training is needed for traders on excellent service, so that tourists will remain satisfied and do not turn to the modern souvenirs market. Traders are required to have a strategy in producing goods, a strategy in promoting goods, and a strategy for packaging goods to be sold so that they are more attractive. In addition, through training, it is hoped that it can increase business relations to develop the Berastagi Fruit Market business network.

3. With regard to the type of merchandise, traders in the Berastagi Fruit Market should maintain the main product types typical of Karo Regency and also sell more varied merchandise and also pay attention to the quality of goods sold because the Berastagi Fruit Market is a means of selling souvenirs and by tourists. Both domestic and foreign, fruit markets also introduce regional agricultural products as well as local culture which make Karo Regency an attractive destination for tourists.

4. Based on the results of data analysis in this study, the work time factor of traders has a significant effect on the income earned by traditional market traders. Therefore, it is hoped that traders will increase their working time for trading in order to increase their income. But assuming the other influence variables remain.

**REFERENCE**


How to cite this article: Sembiring JC, Afifuddin S, Daulay M. Analysis of factors affecting the income of traditional traders in Karo District (case study at Berastagi fruit market). International Journal of Research and Review. 2020; 7(11): 216-221.

*****