

# ANALYSIS OF THE LEVEL OF HOUSEHOLD WELFARE OF HOME BUSINESS IN SOLOK CITY

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## *Abstract*

*Household business is a micro unit that continues to grow every year which affects the economy in the city of Solok. This study examines how the level of household welfare is a household business actor in Solok City. The research method used is descriptive qualitative and quantitative. This study uses primary data that is disseminated through questionnaires and deep interviews to domestic business actors and related stakeholders in the city of Solok. An analytical tool used with an objective and subjective approach and using SWOT. Study sample with 100 respondents. The results of research with objective and subjective approaches are already prosperous. The income of household entrepreneurs is 78%, above the provincial minimum wage. Household welfare of household entrepreneurs is also influenced by non-material variables. As well as from the results of the SWOT analysis it produced a strategy and policy direction that could be suggested to the government to improve the household welfare of household entrepreneurs in Solok City.*

*Keywords: Household Business, Objective, Subjective, SWOT, Welfare*

## **INTRODUCTION**

Progress in development based on economic indicators has not yet reflected the level of welfare. The development progress so far has been more than economic indicators, such as: economic growth and poverty reduction are considered not enough to describe the true level of welfare. These economic indicators are generally measured objectively by the monetary-based approach (monetary-based indicators) (BRS BPS, 2015). However, if we look at the reality in the community, we conclude that the measurement

of welfare with economic indicators is not right, because there are still many people living under the standard of living feasibility.

Everyone has a level of welfare and happiness that is different from the others according to how they interpret their lives, subjectively a person's happiness is individual, meaning that knowing one's level of happiness is himself. Someone with a large income does not necessarily feel happy and satisfied with their living conditions, because there are many other aspects that must be measured to determine one's

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happiness. So that economists measure the level of welfare of a country or society in a different and broader way by using the index of happiness. This measuring indicator is called Economics of Happiness. The level of community welfare can be measured in two ways, namely 1) using objective indicators and 2) using subjective indicators. One indicator of well-being that measures performance based on subjective indicators is the Happiness Index.

In Indonesia, the happiness index measurement started by BPS since 2013 using indicators of life satisfaction, namely respondents' satisfaction research on 10 aspects of social life include: health, education, employment, household income, family harmony, availability of leisure time, social relations, housing conditions and assets, environmental conditions, and security conditions. Based on data from the Central Statistics Agency, Indonesia's happiness index has increased from 2014 and 2017. In 2014 it was 68.28 and increased to 70.69 in 2017. The Indonesian Happiness Index is composed of three dimensions, namely Life Satisfaction, Feelings and Meanings of Life.

The informal sector has a large role in developing countries (NSB) including Indonesia. The informal sector is a sector that is not organized (unorganized), irregular (unregulated), and mostly legal but not registered (unregistered). In developing countries, around 30-70% of the urban labor population works in the informal

sector (Wibowo, 2005). Solok City is one of the cities in West Sumatra. By having a vision "The realization of the Solok City community that is faithful, devoted and prosperous towards an advanced and modern city of trade, services, and education". From the vision above the city of Solok prioritizes the welfare of its people by improving the economy with the main livelihood of trade.

The trade sector is one of the main driving sectors of economic activity and development in the city of Solok whose development to date has been quite encouraging. This is supported by the strategic location of the City of Solok because it is at the crossroads of economic traffic routes in West Sumatra so that this sector is possible to be developed as the main sector contributing to Regional Original Income. Most of the economic actors in Solok City are cooperatives, micro, small and medium enterprises, which account for almost 93%, are engaged in savings and loans, home industry, agriculture, trade and services. The amount tends to increase each year along with the economic development of the city of Solok.

According to the data from the Solok City Bapedda in 2017, the informal sector represented by the UMKM of Solok city, the majority of whom were micro-economic entrepreneurs who reached 88.65% of business people in Solok City, followed by small and medium enterprises 7.59% and

3.76% with the number able to grow by an average of 19.31% in the last three years, with an average of own capital growth ranging from 29.98% and outside capital growth of 21.21%. (Bapedda, 2018). The data above shows the economy in the city of Solok is dominated by the informal sector, especially micro-economic enterprises. This shows the continued development of UMKM in the city of Solok, especially the micro unit of household business, making the writer want to examine more deeply how the level of household welfare of household entrepreneurs in Solok City.

## **REVIEW OF LITERATURE**

### **Welfare**

In Law Number 10 of 1992 concerning the Development of Population and Development of a Prosperous Family, it means that a prosperous family is a family formed based on a legitimate marriage, capable of fulfilling proper spiritual and material needs, laughing to the Almighty God, having a harmonious relationship in harmony and balance between members and between family and community and environment.

The Central Statistics Agency (BPS) and the National Family Planning Coordinating Board (BKKBN) state that a family is said to be Sumatra if families can meet the needs of its members, both clothing, food, housing, social and religious needs and families have a balance between family income and the number of

family members and the family can meet the health needs of family members, life together with the surrounding community, devoted worship in addition to fulfilling their basic needs.

### **Micro Business**

In Chapter I of Article 1 of Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises (UMKM), what is meant by Micro Business is productive business owned by individuals and/or individual business entities that meet the criteria of Micro Enterprises as stipulated in the Law this. According to the World Bank Micro Business the number of employees is 10 people. According to Law Number 20 Year 2008 based on the number of assets and turnover owned by a micro business having a maximum asset of 50 million and a maximum turnover of 300 million.

## **RESEARCH METHODOLOGY**

The study was conducted in Solok City in 2018, for approximately 2 months. The data used in this study are secondary data and primary data. Secondary data is data from BPS that are used as a comparison of primary data. Primary data obtained from questionnaires filled out by respondents. The number of respondents in this study were 100 respondents who were randomly selected or using snowball sampling by accident, that is, respondents were selected according to the incident without determining the number

of respondents per region because household business actors spread throughout Solok City. Data processing methods used in this study with qualitative descriptive analysis that presents data, graphics, matrices and images which are then presented in the form of narrative texts. Data obtained through questionnaires and interviews with respondents of household entrepreneurs and stake holders were formulated into the SWOT matrix so as to produce a strategy for improving household welfare of household entrepreneurs.

## RESULTS AND DISCUSSION

### SWOT Analysis

According a Rangkuti (2014) that the tool used to compile the company's strategic factors is the SWOT matrix. Strategic Design and Decision Making Improving Household Welfare for Household Businessmen in Solok City. Based on the SWOT Matrix, we can see several strategies that have been generated through internal factor analysis (IFE) and external factor analysis (EFE) in the strategy of increasing household welfare of household entrepreneurs, as follows: SWOT analysis is a systematic identification of various factors to formulate a company's strategy. This analysis is based on logic that can maximize strengths and opportunities (Opportunities), but simultaneously can minimize weaknesses (Weaknesses) and threats (Threats). Strategic decision making processes are always related

to the development of missions, objectives, strategies and policies. During the research, the data obtained from deep interviews with relevant stakeholders in the Solok City Cooperative, Industry and Trade Office (Koperindag) were studied and processed for analysis. During the research, data obtained from the Solok City Cooperative, Industry and Trade Office (Koperindag) were studied and processed for analysis. In analyzing these data problems and solutions to problems will be found that is. Issues raised regarding what strategies should be carried out by the Koperindag Service based on the SWOT analysis. The data obtained and analyzed are as follows:

In internal and external factors the total score can be specified as follows:

- a. Indicator of Strength Factor: 0.49
- b. Weakness Indicator: 0.43
- c. Opportunity Factor Indicator: 0.50
- d. Threat Factor Indicator: 0.43

From these data it can be seen that the difference between the strengths and weaknesses is 0.6 and the difference between the opportunity and threat factors is 0.7. The difference between strengths and weaknesses as well as opportunity factors and threats is not significant, which is only 0.1. From the results of the analysis conclusions can be drawn and outlined in the SWOT diagram as shown in the following figure:

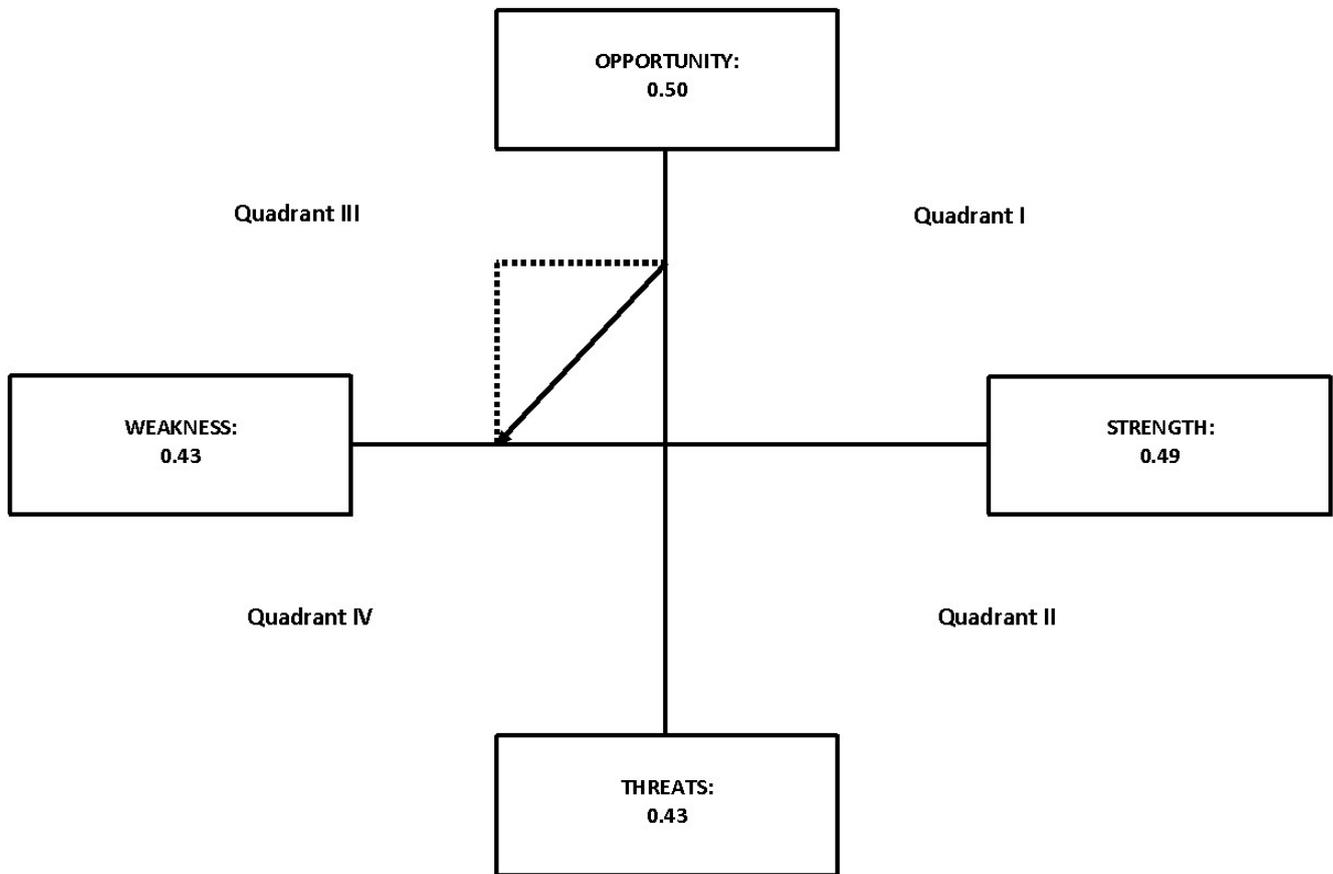


Figure 1. SWOT Analysis Diagram

The results of data analysis through the IFAS and EFAS matrices indicate that the Solok City Office of Cooperatives and Trade (Koperindag) has sufficient weight and rating in the internal environment which is in a strength position and has a good weight and rating in the external environment. Is in an opportunity position, so it can be concluded that the position of the SWOT diagram on the Cooperative and Trade (Koperindag) Office of Solok City is in Quadrant III position (three), namely the WO strategy which shows that Solok City has a chance the big thing is to improve the welfare of domestic

business actors in Solok City. The strategy analysis that can be carried out by the cooperative office and trade (Koperindag) in the city of Solok is as follows:

**a) S-O strategy**

S-O strategy (Strength - Opportunity) is a strategy that uses internal strength to take advantage of external opportunities. The following can be seen alternative strategies which can be formulated as follows:

1. The existence of competent Human Resources (HR) in providing training and counseling for household business actors, so that this

- affects the understanding of the household businessman about the knowledge, skills and attitudes of farmers in agriculture.
2. There is a budget for funds that can be used to provide capital in the form of goods for household business actors.
  3. Availability of agricultural facilities and infrastructure that can support tithing and training activities for household entrepreneurs.
  4. The existence of active participation for household entrepreneurs as well as full support from the government under the Koperindag office creates a program aimed at increasing the welfare of domestic business actors.

#### **b) W-O strategy**

W-O strategy (Weakness - Opportunity) is a strategy to minimize existing weaknesses to take advantage of existing opportunities. The following can be seen alternative strategies which can be formulated as follows:

1. Increase the value of household business products so that they can dominate the market across provinces.
2. Increasing the human resources of household entrepreneurs by participating in various trainings, complaints which are carried out by the official staff.
3. Increasing the development of household businesses by providing capital in the form of goods from the government, namely service

of luggage and trade.

4. Record and target the provision of capital in the form of goods for household businesses who are in need.
5. Providing interest-free loans to home-based business actors from the cooperatives to not borrow from middlemen

#### **c) S-T Strategy**

The strategy of S-T (Strength - Threats) is a strategy to optimize the internal strength possessed in avoiding threats. Next, there can be seen alternative strategies that can be formulated as follows: Optimizing the budget to be used by household entrepreneurs who aim to improve the welfare of household entrepreneurs.

#### **d) W-T Strategy**

S-T (Weakness - Threats) strategies are defensive strategies to minimize internal weaknesses and avoid external threats. The following can be seen alternative strategies which can be formulated as follows: Optimizing the use of natural resources in order to increase income and can be used as further capital for domestic business actors.

### **CONCLUSION**

The results of the study analyze the level of household welfare when households with objective and subjective approaches are already prosperous. The income of household entrepreneurs is 78%, above the provincial minimum wage.

Household welfare of household entrepreneurs is also influenced by not treasure variables. As well as from the results of the SWOT analysis it produced a strategy and policy direction that could be suggested to the government to improve the household welfare of household entrepreneurs in Solok City.

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