

Locus of Control Strategy on Msme Performance in Increasing Distro Income in Several Psychological Aspects in Medan City

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Abstract

The development of information technology makes easy for their business. One of the impacts of advances in information technology is the creation of competition for business people. This situation requires business people to continuously improvise and innovate to retain their customers. Business success can be assessed when a company succeeds. One of the goals or targets set by the organization is increasing income, increasing business productivity, high competitiveness and having a good image in the eyes of customers, several factors that affect income, namely locus of control, human resource competence, information technology and social capital. This study examine of locus of control, competence of HR, information technology and motivation on income through MSME performance. The population in this study was distribution business actors in Medan City, Indonesia and taking 205 respondent as a sample. The analysis with the smartPLS analysis tool. The result of the research shows that locus of control, HR competency, information technology and motivation have effect on income. Indirectly, it is also known that locus of control, human resources competence, information technology and motivation variable influence to the income through the MSMEs of performance.

Keywords : information technology, continuously improvise, eyes of customers

INTRODUCTION

MSME have a major contribution to economic growth especially in developing countries (Radzi, 2017). According to Ngwangwana (2013) state that the entrepreneurs are individuals who build and develop businesses. They combine various factors of production (such as land, labor and capital) to create a profitable new venture or business. According to Khalid (2015), entrepreneurship is the a person in handling businesses and or activities that lead to efforts to find, apply more efficient ways. The information technology makes it easier run in business (Susanty et al, 2016). One of the impacts of advances in information technology is the creation of competition for business people. This situation requires business people to continuously improvise and innovate to retain their customers (Wang, 2012). At this time, who is not familiar with the virtual world which is now referred to as the online world, where everyone can interact and relate to each other without having to meet and at a time and place that is certainly easier, just use internet services to do everything you want. With several influences that occur due to the development of internet use, online business activities arise where the development of offline business of course. With this a business can more easily access, of course, saving marketing costs and efficient time and place. Online business actors, one of which is distribution, is mostly run by adults such as students. The purpose of them on average is to increase pocket money, increase experience in business and others.

According to Simpson (2012), MSME is essentially in achieving their goals. A business is successful if profit is the goal of a person doing business (Chittithaworn, 2011 & Akinboade, 2015). Business success can be assessed when a company succeeds in achieving the goals or objectives set by the organization. According to Fatoki (2014), the goals or targets set by the organization include increasing income, increasing business productivity, high competitiveness the eyes of customers. social capital.

Characteristics of Locus of Control are those who believe that an event is always within their control range and is likely to make more ethical and independent decisions (Heywood, 2017). According to Humaira (2018), a community of social capital always colors human life. So all citizen communities are social bonds between all citizens consisting of individuals or groups who interact in a social relationship based on a common goal (Lisa, 2016). It can be said that an effort to achieve goals requires capital not only in physical form in the form is referred

to as social capital (Hsiao, 2016). The create a collaboration, whether it is a collaboration that is socially or economically oriented. According to (Safik, 2013), HR competencies that are well established between each other also affect performance and income where the competence between these individuals becomes the main foundation of an entrepreneur in achieving his goals. Everything boils down to the individual's rational mind in deciding or taking action. The social network mentioned above can be shaped for various reasons, one of which is the norms and values that already exist in the community concerned. According to Sumantri (2015), the social relationship that exists is one of the determinants of the economic activities carried out, in this case the economic activities of entrepreneurs to run their business. These social relationships can expand the social networks of the entrepreneur, from those in the form of mere social relations that can develop into economic relations that can support his business (Tundui, 2012). According to Tocher (2012) economic relations based on social relations are tangible as a cooperation in business activities, whether in the form of marketing, production, capital, labor and others.

LITERATURE REVIEW

Locus of Control

Malik et al., (2015) states that a person cannot control the behavior that occurs to him. Gurendrawati et al (2014) states that the part of the represents general expectations regarding the problem of factors. Elena et al (2015) state that as the degree to which a person accepts personal responsibility. Modise et al (2017) divide Locus of Control into 2, namely internal Locus of Control is the perspective that all results obtained, good or bad, are due to the action of capacity and factors within themselves. The external factors such as luck, opportunity, and destiny, individuals who fall into this category place responsibility. Appiah (2014) states that have healthier thinking and are more involved with the surrounding environment. Internal Locus of Control has more ethical behavior (Siregar 2019). However, it should be noted that falls between the two extremes. In theory and what happens in the Locus of Control field, it is possible for employees' behavior if in a conflict situation.

HR Competence

Human resource competence (HR competence) is the productive capacity of human resources, including various skills such as literacy, numeracy, cognitive and analytical to produce economic added value (Son, 2010 & Muda & Erlina, 2020). Khalique et al (2013) in a theory argues that HR competence Fatoki (2014) stated the several of HR possessed by business actors as a follows education level, experience in the business world, education related to the business world, competence in managing finances, competence in marketing, managerial competence in general. Meanwhile, according to According to Subagyo (2010) there are several indicators that can be used to measure the quality of human resources are education level, experience, competence in finances, competence in marketing and general managerial.

The Information of Technology

According to Raeisi (2016), the role of information technology today is not only for organizations, but also for individual needs. For organizations, information technology can be used to achieve competitive advantage, while for individuals, this technology can be used to achieve personal advantages, including to find work. According to Gurendrawati *et al* (2014), there are two roles of information technology including work efficiency and effectiveness and competitive Advantage. Increasing the power and speed of greater computers and information systems as supporting applications can increase a significant competitive advantage. Computer-based information technology is able to increase work (Coad et al, 2016).

Social Capital

Humaira (2018) states, the dimension of social capital is a description of the internal attachments that characterize the Social capital "is any resource, true, that grows on an individual or group by virtue of mutual influence on the network in a certain duration and place of interconnectedness. The most important indicator why social capital can analyze macro phenomena is the existence of shared cultural habits that can bring people in countries together for a long time, or each individual can reach a minimum number of conflicts with others (Nguni et al. 2012).

RESEARCH METHODS

This research is quantitative research, namely research that aims to connect two or more variables (Sugiyono, 2017). The population in this study are entrepreneurs who have a distribution business for at least 1 year in Medan City. The number of samples in this study were 205 distributions spread throughout the city of Medan. Data analysis in this study is path analysis. The research model in Figure show :

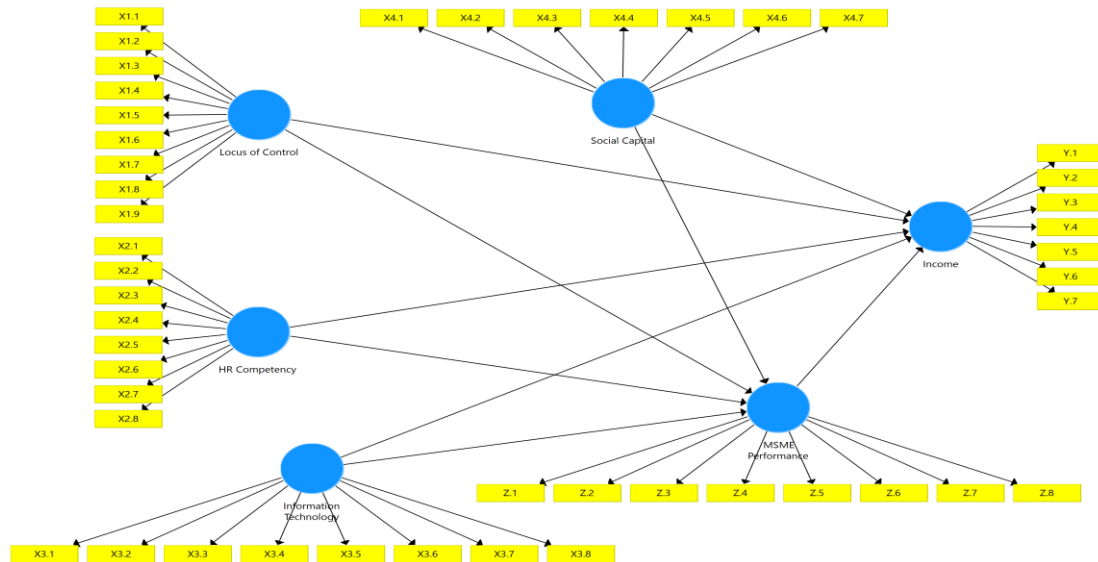


Figure 1. The Research Model

RESEARCH RESULTS AND DISCUSSION

Data Analysis Results

Table 1
 Direct and Indirect Effect Test Results

	P Values
Locus of Control -> Income	0,048
Locus of Control -> MSME Performance	0,000
HR Competency -> Income	0,041
HR Competency -> MSME Performance	0,001
Information Technology -> Income	0,000
Information Technology -> MSME Performance	0,000
Social Capital -> Income	0,000
Social Capital -> MSME Performance	0,006
MSME Performance -> Income	0,004
	P Values
Locus of Control -> MSME Performance -> Income	0,009
HR Competency -> MSME Performance -> Income	0,009
Information Technology -> MSME Performance -> Income	0,008
Social Capital -> MSME Performance -> Income	0,009

Discussion

The social capital can be transformed from one form to another, general accounting can be agreed upon to compare the value or equivalence of the various forms, and capital can be traded or sold. Thus individuals, companies or

communities have a real choice between investing in social versus other forms of capital. (Insani, 2019). This research to support by Philomina et al (2012) and Inayah et al (2014). This means that the better the competence of human resources possessed by an entrepreneur, it will have an impact on increasing the ability to manage a company, including managerial, leadership and decision-making abilities. The progress of the MSME sector in developed countries cannot be separated from the competence of good human resources (Mali, 2013). The development of the HR sector in Indonesia is absolutely necessary because this element is the key to advancing the MSME sector in the country. By having sufficient HR competencies, business actors will be able to continue to develop and innovate so that the business world in Indonesia, especially the MSME sector will be increasingly developed and of high quality. This examine to support of Ngugi et al (2012), Macherinskiene and Survilaite (2011) and Ardiana et al (2010). There is a significant positive effect between social capital on the performance of MSMEs. The results of this study indicate that social capital has a significant positive effect on the performance of MSMEs. Social capital is one of the keys to achieving progress in a business. An entrepreneur is difficult to develop if he lacks a network with other entrepreneurs. The results of this study also increasingly show that our ancestral cultural heritage, called gotong royong, which requires togetherness to build positive things, is very useful in supporting the development of the MSME sector in Indonesia. This examine support by Stam et al (2013), Rante (2010), Muin (2013), Sofiyah et al (2018) and Ginting et al (2019). This shows that, with the ability to use good information technology, knowledge and skills regarding matters relating to financial and performance aspects will improve the ability to manage information in the company, so that it will improve the financial capabilities of an MSME. Many small entrepreneurs find it difficult to develop their business because of the lack of ability to access financial institutions to increase their financial capital.

CONCLUSION AND RECOMMENDATIONS

Conclusion

1. Directly locus of control influence to the income.
2. Directly, HR competence have influence to the on income.
3. Directly information technology have influence to income.
4. Directly, social capital have influence to income.
5. Directly locus of control have influence to on MSME performance.
6. Directly, HR competence have impact on MSME performance.
7. Directly, information technology have impact on MSME performance.
8. Directly, the performance of MSMEs have influence to the performance of MSMEs
9. Indirectly, locus of control have influence to local government. ents through the performance of SMEs
10. Indirectly competence has positive and significant impact on revenue through SMEs performance
11. Indirectly Information technology have influence to revenues through the performance of SMEs
12. Indirectly social capital have influence to on revenues through the performance of SMEs

Suggestion

1. Share SMEs distro actors in the city of Medan are advised to continue to hone their skills, both managerial and leadership skills. By continuing to improve self-ability, business progress will also be realized. MSME actors should continue to establish relationships with relevant stakeholders, whether it be getting new networks or strengthening existing networks. By continuing to communicate and network with fellow entrepreneurs as well as with related agencies. MSME actors should pay more attention to the company's financial management. Good company financial bookkeeping will make it easier to allocate company finances efficiently. The addition of the company's financial capital from financial institutions should also be increased by previously studying the terms and conditions to gain access to financial institutions.
2. For the relevant agencies, especially the Department of Industry, Trade, Cooperatives and MSMEs in Medan City, they should provide training on various matters in corporate governance for MSME actors to be further improved. Assistance from the government should not focus on cash funds, but should be distributed proportionally with training assistance to improve the personal abilities of MSME actors in Medan City.

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