

## **DETERMINANTS OF INCOME FOR FASHION MSMEs IN DENPASAR CITY, BALI PROVINCE**

**Akhmad Sohibul Wafa**

Faculty of Economics and Business, Udayana University  
Corresponding author email: [akhmadwafa993@gmail.com](mailto:akhmadwafa993@gmail.com)

**I Nyoman Wahyu Widiana**

Faculty of Economics and Business, Udayana University  
[Wahyuwidiana@unud.ac.id](mailto:Wahyuwidiana@unud.ac.id)

### **Abstract**

In the structure of Indonesia's economy, Micro, Small, and Medium Enterprises (MSMEs) constitute the majority of business entities and make a significant contribution to the gross domestic product. This study aims to examine the effect of business capital, labor, e-commerce utilization, business duration, and working hours on the income of fashion MSMEs in Denpasar City, Bali Province, both simultaneously and partially. This research employs a quantitative approach using both primary and secondary data sources. Primary data were collected through questionnaires distributed to 99 MSME owners, selected using purposive sampling. The data collection instrument was a questionnaire, and the data analysis method applied was multiple linear regression. The findings indicate that, simultaneously, business capital, labor, e-commerce utilization, business duration, and working hours have a significant effect on the income of fashion MSMEs in Denpasar City. Partially, business capital, labor, e-commerce utilization, and business duration have a positive and significant effect on income. However, working hours show a negative and significant effect on income, suggesting that an increase in working hours without corresponding efficiency or productivity may adversely impact business performance. The study provides policy insights for optimizing capital use, enhancing labor productivity, promoting digital adoption, and managing working hours effectively to boost MSME income in the fashion sector.

**Keywords:** MSMEs, business capital, labor, e-commerce, business duration, working hours, income

### **INTRODUCTION**

Indonesia is one of the developing countries expected to progress toward becoming a developed nation. One of the necessary efforts to achieve this goal is to enhance national economic development (Wirawan & Indrajaya, 2019). The success of a country's development, including that of Indonesia, can be observed from the welfare of its people. Regional economic progress will be more substantial if accompanied by active participation from communities capable of being productive in advancing the local economy (Wayan & Wenagama, 2019).

In Indonesia's economy, Micro, Small, and Medium Enterprises (MSMEs) represent the largest business group. MSMEs play a highly significant role in the economy, with the majority of micro entrepreneurs operating in the informal sector.

The involvement of society, government, and all aspects of a nation is vital for the success of economic development. MSMEs have proven resilient in facing various economic crises in Indonesia, including the most recent crisis caused by the COVID-19 pandemic, which impacted global economic activity (Meisthya & Dyas, 2022).

Indonesia has 65.5 million MSMEs, accounting for 99 percent of all business units (Ministry of Cooperatives and SMEs). According to the Coordinating Ministry for Economic Affairs, Haryo Limanseto (2023) stated that MSMEs contribute 61 percent of the Gross Domestic Product (GDP) or around IDR 9,580 trillion and absorb 97 percent of the total workforce. This data demonstrates that MSMEs have a major effect on employment absorption in Indonesia and a significant effect on the economy. Data from the Ministry of Cooperatives, Small and Medium Enterprises (KUKM) in 2018 recorded 64.2 million MSME actors, representing 99.99 percent of all entrepreneurs in Indonesia, with a workforce absorption capacity of 117 million workers, or 97 percent of the total business sector workforce.

Bali, one of Indonesia's provinces with nine regencies/municipalities, has an economy dominated by the tourism industry, which has driven a transformation in its economic structure (Agus, 2020). The Bali regional government is expected to manage the environment and develop the economy effectively and efficiently to maximize its economic potential (Kurniawan & Managi, 2018). MSMEs have a strategic role in the economy, particularly in creating jobs and contributing to GDP in Bali Province.

In 2018, MSMEs contributed 60.34 percent to Bali's GDP and absorbed 96.92 percent of its workforce. Although GDP contribution declined to 60.15 percent in 2020 due to the COVID-19 pandemic, workforce absorption remained stable at 97.00 percent, reflecting the resilience of MSMEs in maintaining employment during a crisis. Positive trends continued in 2021 and 2022. In 2021, MSMEs' contribution to Bali's GDP rose to 61.07 percent, with workforce absorption at 97.35 percent. This growth continued in 2022, with GDP contribution reaching 62.55 percent and workforce absorption increasing to 97.64 percent.

The trade sector accounts for the second-largest contribution to the total number of MSMEs in Bali, indicating that it remains one of the backbones of the economy, both globally and regionally. High business opportunities in the trade sector are the main reason for strong community participation in this economic activity. In Denpasar City, MSMEs play a strategic role, especially as foreign exchange contributors through the tourism sector.

Cultural-based development has also positioned Bali as a leading tourist destination for both domestic and international visitors. Furthermore, the continuous growth of MSMEs in Denpasar City year after year has had a positive effect on employment absorption, equitable development, and the improvement of regional economic performance, particularly in boosting Gross Regional Domestic Product (GRDP) growth. MSMEs' consistent contribution of more than 60 percent to GDP and over 97 percent in workforce absorption demonstrates the sector's strong potential for continued development.

Denpasar City, as the largest GRDP contributor in Bali Province, has a significant effect on the level of consumption in the city (Rahmawati et al., 2014: 2). As the center

of governance and economic activity in Bali, most community activities take place in Denpasar.

Fashion is a general term used in daily life, often associated with clothing or other personal items, and frequently represents a person's individual style. Expenditure on fashion is increasingly essential, not only for basic needs but also for social reasons. This situation fosters the growth of businesses in the clothing industry, where profits can be highly promising for MSMEs. However, MSME entrepreneurs in the fashion industry face various challenges in running their businesses.

In Denpasar City, the fashion sector serves as a crucial pillar of the local economy, driven by the high demand for fashion products and the boost from tourism, which increases the demand for traditional attire and local creative products. Nevertheless, fashion MSME owners face challenges such as limited business capital, which affects their ability to produce, innovate in design, and implement effective marketing strategies.

Labor is another critical factor, as the quality and skills of workers greatly affect production outcomes and operational efficiency. In the digital era, e-commerce utilization is indispensable, as digital platforms can expand market reach and increase sales volume. Moreover, business duration and working hours are also indicators that reflect the stability and productivity of MSMEs in managing their operations.

According to the Ministry of Cooperatives and SMEs (2023), MSMEs contribute significantly to GDP and absorb the majority of the local workforce. Economic development is fueled not only by the formal sector but also by the informal sector, such as MSMEs (Putra, 2018). This informal sector plays a vital role in increasing community income, including in the fashion industry, and has a significant effect on regional revenue.

Fashion MSMEs in Denpasar City are an important contributor to the local economy. Based on available data, there are 6,769 fashion MSMEs across various districts, with the largest concentration in West Denpasar (2,901 units) and the smallest in East Denpasar (913 units). Business capital is one of the main factors determining the success of fashion MSMEs, as adequate capital enables them to purchase raw materials, develop designs, and expand production capacity. Limited capital becomes a primary barrier to growth since it directly relates to production capacity and product innovation. The greater the available capital, the higher the potential for MSMEs to increase production capacity, ultimately boosting business income (Yuliani & Saputra, 2020). This aligns with production theory, which states that capital has a direct effect on output (Mankiw, 2020).

Labor productivity also significantly affects fashion MSME income. Skilled and productive labor can enhance efficiency in production processes and customer service. Labor productivity is a key factor in determining business success, as increasing the number of quality workers accelerates production processes and enlarges output volume, ultimately raising MSME income (Todaro & Smith, 2015). An increase in the number of productive workers can have a positive effect on business income (Hidayat & Lestari, 2021).

Empowering cooperatives and MSMEs is essential in addressing strategic issues and increasingly complex future challenges. One of these challenges is digitalization

across almost all aspects of life, which has an effect on cooperatives and MSMEs. In today's digital era, e-commerce utilization plays a crucial role in expanding the market for fashion MSMEs, allowing them to reach wider audiences without geographical limitations. E-commerce provides a great opportunity for MSMEs to increase sales and income by selling products more efficiently and at lower costs (Junaidi & Aziza, 2021). It also enables marketing innovations and improves product competitiveness in broader markets.

Business duration is another factor affecting MSME income. The longer a business has been operating, the greater the owner's experience and expertise in managing it (Moenir, 2008). This experience includes operational, marketing, and market adaptation skills, all of which contribute to higher income. Previous studies have shown a positive and significant effect of business duration on MSME income (Riadmojo & Sudarto, 2021).

Working hours can increase production capacity and customer service, potentially having an effect on income. The more time allocated for production and marketing, the greater the chance of increasing output and income. Effective and efficient time management is vital for improving business performance (Marlina & Sunarsih, 2023). MSME income results from operational activities influenced by various internal and external factors (Marlina & Sunarsih, 2023).

Considering the importance of these five variables, this study aims to empirically analyze the effect of business capital, labor, e-commerce utilization, business duration, and working hours on the income of fashion MSMEs in Denpasar City. This research is expected to contribute to academic literature on MSME development and serve as a basis for local governments and policymakers in formulating more targeted and sustainable MSME empowerment strategies, particularly in the fashion sector, which has significant prospects in tourism areas.

## **RESEARCH METHOD**

This study employed a quantitative method with an associative approach in the form of a causal relationship to analyze the effect of business capital ( $X_1$ ), labor ( $X_2$ ), e-commerce utilization ( $X_3$ ), business duration ( $X_4$ ), and working hours ( $X_5$ ) on the income of fashion MSMEs in Denpasar City ( $Y$ ). The research location was selected in Denpasar City due to its highest contribution to Bali Province's GRDP during and after the pandemic, as well as its significant number of fashion MSMEs, totaling 6,769 units in 2023. The sampling technique used was purposive sampling, applying the Slovin formula, resulting in 99 respondents representing fashion MSMEs in Denpasar City. The research data were obtained from primary sources in the form of questionnaires and structured interviews, as well as secondary data from relevant agencies such as the Bali Province Office of Cooperatives and SMEs (Sugiyono, 2013; Sugiyono, 2019).

Data analysis was conducted using descriptive statistics and multiple linear regression with SPSS. The statistical tests included the classical assumption test (normality, heteroscedasticity, multicollinearity), the coefficient of determination test ( $R^2$ ), the F-test to examine the simultaneous effect of the independent variables on the dependent variable, and the t-test to assess the partial effect of each independent variable. This approach aimed to identify the factors that have a significant effect on

the income of fashion MSMEs, both collectively and individually. E-commerce utilization was considered one of the key variables tested, given the growing trend of digitalization in the MSME sector (Wooldridge, 2018; Suyana, 2016).

Operational definitions of the variables were established to ensure clarity of measurement, including MSME income (Y) as net monthly income in rupiah, business capital (X1) as the average monthly working capital, labor (X2) as the number of active workers, e-commerce utilization (X3) as the use of digital platforms for sales, business duration (X4) as the operational length of the business in years, and working hours (X5) as the total working hours per month. These variables were analyzed to reveal causal relationships and provide strategic recommendations for increasing the income of fashion MSMEs in Denpasar City, particularly in optimizing digital potential and operational efficiency (Sugiyono, 2015; Daniar et al., 2021).

## RESULTS AND DISCUSSION

### Descriptive Statistical Analysis

**Table 1. Descriptive Statistical Analysis**

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Standard Deviation
Income	99	6000000	320000000	79605333.33	69068803.620
Capital	99	4000000	300000000	65666666.67	71629004.500
Labor	99	2	16	6.42	3,258
E-commerce	99	0	1	.95	.220
Length of Business	99	1	15	5.03	2,173
Working hours	99	130	234	199.60	26,219
Valid N (listwise)	99				

Source: Data attached to the author's thesis

The data description shows that the average income of business owners in this study was IDR 79,605,333.33, with a standard deviation of IDR 69,068,803.62, indicating a high variation in income among respondents. Business capital averaged IDR 65,666,666.67, with a minimum of IDR 4,000,000 and a maximum of IDR 300,000,000. The number of workers ranged from 2 to 16 people, with an average of 6.42 workers. Business duration varied between 1 and 15 years, with an average of 5.03 years. E-commerce utilization was relatively high, with an average of 0.95, indicating that most respondents had already adopted digital platforms. Meanwhile, average working hours per month were 199.60 hours, ranging from 130 to 234 hours. These findings indicate that the characteristics of the business owners studied are quite diverse in terms of business scale, duration, and technology adoption.

### Multiple Linear Regression Analysis

In this study, multiple linear regression analysis was conducted using the SPSS statistical software package. SPSS is a computer program used to process both parametric and nonparametric data. The regression model was formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$$

$$Y = 22342718.97 + 0.473X_1 + 7326824.991X_2 + 57319297.65X_3 + 8131140.174X_4 + -582150.216X_5]$$

SE = (0.072X<sub>1</sub>) (2263617.825X<sub>2</sub>) (22441529.63X<sub>3</sub>) (3112667.767X<sub>4</sub>)  
(265172.767X<sub>5</sub>)

T<sub>Value</sub> = 6.554X<sub>1</sub> 3.237X<sub>2</sub> 2.554X<sub>3</sub> 2.612X<sub>4</sub> -2.195X<sub>5</sub>

Sig = 0.626 0.000X<sub>1</sub> 0.002X<sub>2</sub> 0.012X<sub>3</sub> 0.010X<sub>4</sub>  
0.031X<sub>5</sub>

F = 26.206

Sig F = 0.000

R<sup>2</sup> = 0.585

Source: Appendix 3

Variable Explanations:

Y = Income

X<sub>1</sub> = Capital

X<sub>2</sub> = Labor

X<sub>3</sub> = E-commerce

X<sub>4</sub> = Business Duration

X<sub>5</sub> = Working Hours

Interpretation of the Regression Coefficients:

- 1) Intercept ( $\alpha$ ) = 22,342,718.97 This indicates that if all independent variables (working hours, e-commerce, capital, business duration, and labor) are zero, the predicted income (dependent variable) would be IDR 22,342,718.97.
- 2) Capital (X<sub>1</sub>) = 0.473, Sig = 0.000 Capital has a positive and significant effect on income. Each increase in business capital leads to higher income. The statistical significance confirms that capital is one of the key determinants of business income.
- 3) Labor (X<sub>2</sub>) = 7,326,824.991, Sig = 0.002 Labor has a positive and significant effect on income. An increase in the number of workers tends to enhance production capacity or operational efficiency, which in turn boosts income.
- 4) E-commerce (X<sub>3</sub>) = 57,319,297.65, Sig = 0.012 E-commerce utilization has a positive and significant effect on income. MSMEs adopting e-commerce tend to have higher income than those that do not, as digital platforms expand market reach and increase sales volume.
- 5) Business Duration (X<sub>4</sub>) = 8,131,140.174, Sig = 0.010 Business duration has a positive and significant effect on income. Longer-established businesses tend to earn more due to accumulated experience, broader business networks, and greater consumer trust.
- 6) Working Hours (X<sub>5</sub>) = -582,150.216, Sig = 0.031 Working hours have a negative and significant effect on income. This suggests that more working hours do not necessarily result in higher income; inefficiency, fatigue, or poor time allocation could lead to reduced performance.

The coefficient of determination (R<sup>2</sup>) of 0.585 indicates that 58.5% of the variation in income can be explained by the independent variables in the model—capital, labor, business duration, working hours, and e-commerce. The remaining 41.5% is influenced by factors outside the model.

## Classical Assumption Test

### 1) Normality Test

**Table 2. Normality Test**

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		99
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Standard Deviation	.40087180
Most Extreme Differences	Absolute	.084
	Positive	.051
	Negative	-.084
Test Statistics		.081
Asymp. Sig. (2-tailed)		.112 <sup>c</sup>

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: Data attached to the author's thesis

Based on the normality test results using the One-Sample Kolmogorov-Smirnov Test on the residual data, the significance value obtained was 0.112, which is greater than the 0.05 significance level. This indicates that the residuals in the regression model are normally distributed. Therefore, the normality assumption in multiple linear regression has been met, making the regression model statistically valid and interpretable. The normal distribution of residuals also supports the validity of the estimation results and the conclusions drawn in this study.

### 2) Multicollinearity Test

**Table 3. Multicollinearity Test**

Coefficients <sup>a</sup>		Collinearity Statistics	
Model		Tolerance	VIF
1	Capital	.797	1,255
	Labor	.392	2,554
	Ecommerce	.873	1,146
	Length of Business	.465	2,149
	Working hours	.441	2,270

a. Dependent Variable: Income

Source: Data attached to the author's thesis

Based on the multicollinearity test results, as shown by the Tolerance and VIF values, all independent variables capital, labor, e-commerce, business duration, and working hours had tolerance values above 0.1 and VIF values below 10. Specifically, the highest VIF value was 2.554 (labor), which is well below the tolerance threshold of 10. This indicates that no multicollinearity issues exist in the model. Thus, all independent

variables can be considered free from high linear correlation with each other, and each provides a valid contribution in explaining income variation.

### 3) Heteroscedasticity test

**Table 4. Heteroscedasticity Test Results**

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.568	.366		1,551	.124
capital	3.751E-10	.000	.074	.649	.518
labor	-.015	.018	-.138	-.843	.401
e-commerce	.035	.180	.021	.193	.847
length of business	-.007	.025	-.043	-.284	.777
working hours	.000	.002	-.022	-.141	.888

a. Dependent Variable: ABS\_RES

Source: Data attached to the author's thesis

Based on the heteroskedasticity test results using regression on the absolute residual values (ABS\_RES), all independent variables both individually and collectively had significance values above 0.05. This indicates that no independent variable has a significant effect on the residuals, meaning that the regression model does not exhibit heteroskedasticity. Therefore, the homoskedasticity assumption is met, and the regression model is suitable for further analysis without bias in the error variance.

### Coefficient of Determination (R<sup>2</sup>) Test

**Table 5. Coefficient of Determination**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.765a	.585	.563	45681650.339

a. Predictors: (Constant). Working hours. Ecommerce. Capital. Length of Business. Labor

b. Dependent Variable: Income

Source: Data attached to the author's thesis

Based on the results in Table 5, the coefficient of determination (R<sup>2</sup>) is 0.585. This means that the independent variables—working hours, e-commerce usage, capital, business duration, and labor—together can explain 58.5% of the variability in income. In other words, the regression model demonstrates a strong explanatory power, as more than half of the variation in income is accounted for by the five predictors. The remaining 41.5% is explained by other factors outside the model, which were not included in this study. Furthermore, the Adjusted R<sup>2</sup> value of 0.563 indicates that, after adjusting for the number of predictors, the model still retains a high degree of accuracy in explaining the dependent variable.



### Simultaneous Regression Coefficient Test (F Test)

To test the significance of the effect of the independent variables, namely capital, labor, e-commerce, business duration, and working hours simultaneously or collectively having a significant effect on the dependent variable, namely the income of Fashion MSMEs in Denpasar City, an F-test is used. The testing stages are as follows:

1) Hypothesis Formulation

$H_0 = \beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = 0$  Means that capital, labor, e-commerce utilization, business duration, and working hours have a simultaneous effect on the income of fashion MSMEs in Denpasar City.

$H_1$ : at least one of  $(i = 1,2,3,4,5) \neq 0$ , meaning that capital, labor, e-commerce utilization, business duration, and working hours have a simultaneous effect on the income of fashion MSMEs in Denpasar City

2) Significance Level

The significance level used is  $(\alpha) = 5\%$  or a confidence level of 95% and degrees of freedom  $df = (k-1)/(n-k)$  to determine the F-table value.

$df = (k - 1) (n - k)$ . maka  $F_{Tabel} = F(\alpha). (k - 1). (n - k)$ .

$\alpha = 5\%; df = (k-1)(n-k)$

$F_{tabel} = F_{0.05; (6-1)(99-6)}$

$= F_{0.05; 5; 93}$

$= 2,29$

3) Testing criteria

$H_0$  is accepted if  $F\text{-calculated} \leq F\text{-table}$  or  $p\text{-value} \geq \alpha$

$H_0$  is rejected if  $F\text{-calculated} > F\text{-table}$  or  $p\text{-value} < \alpha$

4) Conclusion

The results of the statistical analysis using the SPSS program obtained an F-calculated value of 26.06. This means that  $F\text{-calculated}$  of 26.06  $>$  2.29. Therefore,  $H_0$  is rejected, indicating that capital, labor, e-commerce, business duration, and working hours simultaneously have a significant effect on the income of Fashion MSMEs in Denpasar City. With a coefficient of determination of 0.585, it can be interpreted that 58.5% of the variation in income can be explained by the independent variables in the model, namely working hours, e-commerce utilization, capital, business duration, and labor. Meanwhile, the remaining 41.5% is influenced by other factors outside the model that are not included in this analysis. The findings are consistent with previous research by Matheww & Wayan (2023), which showed that capital, labor, and e-commerce utilization collectively have a significant effect on the income of micro-enterprises in the fashion sector in Denpasar City. This is further supported by the study of Gusti & A.A Ketut (2018), which found that capital, labor, and the use of social media positively affect the income of Fashion MSMEs in Denpasar City. Therefore, the hypothesis in this study aligns with these previous studies, stating that capital, labor, and e-commerce utilization have a positive relationship with the income of Fashion MSMEs in Denpasar City.

### Partial Regression Coefficient Test (t-Test)

The t-test aims to determine the effect of independent variables partially on the dependent variable, assuming that other independent variables are considered constant. The partial test is described as follows.

1) Testing the Effect of Capital on the Income of Fashion MSMEs in Denpasar City.

a) Hypothesis Formulation

$H_0: \beta_1 \leq 0$ , meaning that business capital partially has no significant effect on the income of fashion MSMEs in Denpasar City.

$H_0: \beta_1 > 0$ , meaning that business capital partially has a positive and significant effect on the income of fashion MSMEs in Denpasar City.

b) Significance Level

The significance level used is  $\alpha = 5\%$  with degrees of freedom  $df = (n - k)$ . To determine the value of  $t_{table}$ , the formula used is  $t_{\alpha}(nk) = t(0.05;93) = 1.985$

c) Testing Criteria

If  $t_{count} \leq 1.985$  or the significance value  $> 0.05$ , then  $H_0$  is accepted.

If  $t_{count} > 1.985$  or the significance value  $\leq 0.05$ , then  $H_0$  is rejected.

d) Determining the Value of  $t_{count}$

The value of  $t_{count}$  in this study was obtained from the regression results using SPSS for Windows, and the results showed  $t_{count} = 6.554$  with a significance value of 0.000.

e) Conclusion

Since  $t_{count} = 6.554$  and  $t_{table} = 1.985$ , this means that  $t_{count} > t_{table}$ , so  $H_0$  is rejected and  $H_1$  is accepted. Therefore, it can be concluded that there is a positive and significant effect between the capital variable and the income variable of Fashion MSMEs in Denpasar City. The regression coefficient value of 0.473 means that each increase in business capital will be followed by an increase in income, where each additional 1 unit of business capital will cause an increase in income of 0.473 units, assuming other independent variables remain constant. In other words, the greater the amount of capital used by business actors, the higher the income that can be generated, assuming other variables remain constant. Sufficient capital enables MSMEs to increase production capacity and services, while labor can improve operational efficiency, thus having an effect on increasing income. Previous research by Raynaldi et al. (2022) also showed that business capital has a positive effect on income. Therefore, in this study, the hypothesis and analysis results are consistent with each other.

2) Testing the Effect of Labor on the Income of Fashion MSMEs in Denpasar City.

a) Hypothesis Formulation

$H_0: \beta_1 \leq 0$ , meaning that labor, partially, does not have a significant effect on the income of fashion MSMEs in Denpasar City.

$H_0: \beta_1 > 0$ , meaning that labor, partially, has a significant effect on the income of fashion MSMEs in Denpasar City.

b) Significance Level

The significance level used is  $\alpha = 5\%$  with degrees of freedom  $df = (n - k)$ . To determine the value of  $t_{table}$ , the formula used is  $t_{\alpha(n-k)} = t(0.05;93)$ .

c) Testing Criteria

If  $t_{count} \leq 1.985$  or the significance value  $> 0.05$ , then  $H_0$  is accepted.

If  $t_{count} > 1.985$  or the significance value  $\leq 0.05$ , then  $H_0$  is rejected.

d) Determining the Value of  $t_{count}$

The  $t_{count}$  value in this study was obtained from regression results using SPSS for Windows, and the result showed  $t_{count} = 3.237$  with a significance value of 0.002.

e) Conclusion

Since  $t_{count} = 3.237$  and  $t_{table} = 1.985$ , this means  $t_{count} > t_{table}$ , so  $H_0$  is rejected and  $H_1$  is accepted. Therefore, it can be concluded that there is a positive and significant effect between the labor variable and the income variable of Fashion MSMEs in Denpasar City. The regression coefficient value of 7,326,824.991 and a significance value of 0.002 indicate that each additional worker will increase the business actor's income by IDR 7,326,824.991, assuming other variables remain constant. This shows that labor also has a positive and significant effect on income. In other words, the greater the number of workers employed, the greater the income generated by the business actors. Previous research by Rosita and Pratiwi (2021) found that labor has a positive and significant relationship with MSME income, especially in the fashion sector. The larger the number of productive workers, the faster the service and production process, thus increasing the number of transactions and income. Therefore, in this study, the hypothesis and analysis results are consistent.

3) Testing the Effect of E-commerce Use on the Income of Fashion MSMEs in Denpasar City.

a) Hypothesis Formulation

$H_0: \beta_1 \leq 0$ , meaning that the use of e-commerce, partially, does not have a significant effect on the income of fashion MSMEs in Denpasar City.

$H_0: \beta_1 > 0$ , meaning that the use of e-commerce, partially, has a significant effect on the income of fashion MSMEs in Denpasar City.

b) Significance Level

The significance level used is  $\alpha = 5\%$  with degrees of freedom  $df = (n - k)$ . To determine the value of  $t_{table}$ , the formula used is  $t_{\alpha(n-k)} = t(0.05;93) = 1.985$

c) Testing Criteria

If  $t_{count} \leq 1.985$  or the significance value  $> 0.05$ , then  $H_0$  is accepted.

If  $t_{count} > 1.985$  or the significance value  $\leq 0.05$ , then  $H_0$  is rejected.

d) Determining the Value of  $t_{count}$

The  $t_{count}$  value in this study was obtained from regression results using SPSS for Windows, and the result showed  $t_{count} = 2.554$  with a significance value of 0.012.

e) Conclusion

Since  $t_{count} = 2.554$  and  $t_{table} = 1.985$ , this means  $t_{count} > t_{table}$ , so  $H_0$  is rejected and  $H_1$  is accepted. Therefore, it can be concluded that there is a positive and significant effect between the e-commerce variable and the income variable of Fashion MSMEs in Denpasar City. The coefficient value of 57,319,297.65 with a significance value of 0.012 means that the use of e-commerce has a positive and significant effect on income. This implies that if business actors use e-commerce, their income will increase on average by IDR 57,319,297.65 compared to business actors who do not use e-commerce, assuming other variables remain constant. Thus, business actors who utilize e-commerce in their business activities tend to have higher income compared to those who do not use e-commerce. Previous research by Kadek & Putu (2022) also found that the use of e-commerce simultaneously has a positive effect on the sales of fashion MSMEs in Denpasar City. Therefore, in this study, the hypothesis and analysis results are consistent.

4) Testing the Effect of Business Duration on the Income of Fashion MSMEs in Denpasar City.

a) Hypothesis Formulation

$H_0: \beta_1 \leq 0$ , meaning that business duration, partially, does not have a significant effect on the income of fashion MSMEs in Denpasar City.

$H_0: \beta_1 > 0$  meaning that business duration, partially, has a significant effect on the income of fashion MSMEs in Denpasar City.

b) Significance Level

The significance level used is  $\alpha = 5\%$  with degrees of freedom  $df = (n - k)$ . To determine the value of  $t_{table}$ , the formula used is  $t_{\alpha(n-k)} = t(0.05;93) = 1.985$

c) Testing Criteria

If  $t_{count} \leq 1.985$  or the significance value  $> 0.05$ , then  $H_0$  is accepted.

If  $t_{count} > 1.985$  or the significance value  $\leq 0.05$ , then  $H_0$  is rejected.

d) Determining the Value of  $t_{count}$

The  $t_{count}$  value in this study was obtained from regression results using SPSS for Windows, and the result showed  $t_{count} = 2.612$  with a significance value of 0.010.

e) Conclusion

Since  $t_{count} = 2.612$  and  $t_{table} = 1.985$ , this means  $t_{count} > t_{table}$ , so  $H_0$  is rejected and  $H_1$  is accepted. Therefore, it can be concluded that there is a positive and significant effect between the business duration variable and the income variable of Fashion MSMEs in Denpasar City. The coefficient value of 8,131,140.174 with a significance value of 0.010 means that each additional year of business operation will increase the entrepreneur's income by IDR 8,131,140.174, assuming other independent variables remain constant. This result shows that business duration has a positive and significant effect on income. In other words, the longer a business operates, the higher the income generated. Research by Fitriani and Maulida (2020) also shows that business duration has a positive and significant effect on MSME income. The longer a business operates, the greater the experience gained in managing production, marketing, and financial

management. Therefore, in this study, the hypothesis and analysis results are consistent.

5) Testing the Effect of Working Hours on the Income of Fashion MSMEs in Denpasar City.

a) Hypothesis Formulation

$H_0: \beta_1 \leq 0$ , meaning that working hours, partially, do not have a significant effect on the income of fashion MSMEs in Denpasar City.

$H_1: \beta_1 > 0$ , meaning that working hours, partially, have a significant effect on the income of fashion MSMEs in Denpasar City.

b) Significance Level

The significance level used is  $\alpha = 5\%$  with degrees of freedom  $df = (n - k)$ .

To determine the value of  $t_{table}$ , the formula used is  $t_{\alpha(n-k)} = t(0.05;93) = 1.985$

c) Testing Criteria

If  $t_{count} \leq 1.985$  or the significance value  $> 0.05$ , then  $H_0$  is accepted.

If  $t_{count} > 1.985$  or the significance value  $\leq 0.05$ , then  $H_0$  is rejected.

d) Determining the Value of  $t_{count}$

The  $t_{count}$  value in this study was obtained from regression results using SPSS for Windows, and the result showed  $t_{count} = -2.195$  with a significance value of 0.031.

e) Conclusion

Since  $t_{count} = -2.195$  and  $t_{table} = 1.985$ , this means  $t_{count} > t_{table}$  in absolute value, so  $H_0$  is rejected and  $H_1$  is accepted. Therefore, it can be concluded that there is a negative and significant effect between the working hours variable and the income variable of Fashion MSMEs in Denpasar City. The coefficient value of -582,150.216 with a significance value of 0.031 means that each additional working hour per day decreases the average income by IDR 582,150.216, assuming other variables remain constant. The negative sign indicates an inverse relationship. This means that working hours have a negative and significant effect on income, suggesting that longer working hours tend to reduce income. This phenomenon can be explained by the possibility of fatigue, decreased work efficiency, or ineffective allocation of working time. Research by Putu & Purbadharmaja (2024) also found that the allocation of working hours has a negative and significant effect on income in the roof tile industry in Darmasaba Village. Therefore, in this study, the hypothesis and analysis results are consistent.

## Discussion of Research Findings

### The Effect of Business Capital on the Income of MSMEs in the Fashion Sector in Denpasar City, Bali Province

The results of the multiple linear regression analysis test show a  $t$ -statistic value of 6.554 and a  $t$ -table value of 1.985. This means that  $t$ -statistic  $> t$ -table, so  $H_0$  is rejected and  $H_1$  is accepted. Thus, there is a positive and significant effect between the capital variable and the income variable of fashion MSMEs in Denpasar City. The regression coefficient value of 0.473 means that every increase in business capital will be followed by an increase in income, where every additional 1 unit of business capital

will cause an increase in income of 0.473 units, assuming other independent variables remain constant. In conclusion, the greater the amount of capital used by business actors, the higher the income that can be generated, assuming other variables remain constant. Adequate capital allows MSMEs to increase production capacity and services, while labor can improve operational efficiency, thus leading to increased income. Previous research by Ni Putu Dian et al. (2023) shows that business capital has a positive and significant effect on the income of micro-enterprises in the fashion sector in Denpasar City. This is reinforced by Raynaldi et al. (2022), who also found that business capital has a positive effect on income. This statement is consistent with the study conducted by Prisilia Monika Polandos et al. (2019), which revealed that capital invested in a business has a positive and significant effect on the income of MSME actors in the East Langowan District area.

#### **The Effect of Labor on the Income of MSMEs in the Fashion Sector in Denpasar City, Bali Province**

The results of the multiple linear regression analysis test show a t-statistic value of 3.327 and a t-table value of 1.985. This means that  $t\text{-statistic} > t\text{-table}$ , so  $H_0$  is rejected and  $H_1$  is accepted. Thus, there is a positive and significant effect between the labor variable and the income variable of fashion MSMEs in Denpasar City. The regression coefficient value is 7,326,824.991 with a significance value of 0.002, meaning that every addition of 1 worker will increase the business actor's income by IDR 7,326,824.991, assuming other variables remain constant. This indicates that labor also has a positive and significant effect on income. In other words, the more labor is employed, the greater the income generated by business actors. Previous research by Rosita and Pratiwi (2021) found that labor has a positive and significant relationship with the income of MSMEs, especially in the fashion sector. The greater the number of productive workers, the faster the service and production processes, which in turn increases transactions and income. According to research by Kresna (2016), there is a positive and substantial relationship between labor and income, so an increase in the workforce also results in an increase in income. This statement is consistent with the study by Mathew et al. (2023), which found that labor has a significant and positive effect on the income of micro-enterprises in the fashion sector in Denpasar City. Therefore, in this study, the hypothesis and analysis results produced the same conclusion.

#### **The Effect of E-Commerce Usage on the Income of MSMEs in the Fashion Sector in Denpasar City, Bali Province**

The results of the multiple linear regression analysis test show a t-statistic value of 2.554 and a t-table value of 1.985. This means that  $t\text{-statistic} > t\text{-table}$ , so  $H_0$  is rejected and  $H_1$  is accepted. Thus, there is a positive and significant effect between the e-commerce usage variable and the income variable of fashion MSMEs in Denpasar City. The coefficient value is 57,319,297.65 with a significance value of 0.012, meaning that the use of e-commerce has a positive and significant effect on income. This means that if business actors use e-commerce, their income will increase by an average of IDR 57,319,297.65 compared to those who do not use e-commerce, assuming other

variables remain constant. Therefore, business actors who utilize e-commerce in their business activities tend to have higher incomes compared to those who do not. Previous research by Kadek & Putu (2022) found that the use of e-commerce simultaneously has a positive effect on the sales of MSMEs in the fashion sector in Denpasar City. This is supported by the findings of Suprpto (2016), who stated that e-commerce applications have a positive effect on Jack Donut sales, as sales increased after using e-commerce. This statement is consistent with research by Ni Kadek and Putu (2022), which showed that the e-commerce variable partially has a positive and significant effect on the sales of MSMEs in the fashion sector in Denpasar City.

#### **The Effect of Business Duration on the Income of MSMEs in the Fashion Sector in Denpasar City, Bali Province**

The results of the multiple linear regression analysis test show a t-statistic value of 2.612 and a t-table value of 1.985. This means that  $t\text{-statistic} > t\text{-table}$ , so  $H_0$  is rejected and  $H_1$  is accepted. Thus, there is a positive and significant effect between the business duration variable and the income variable of fashion MSMEs in Denpasar City. The coefficient value is 8,131,140.174 with a significance value of 0.010, meaning that every additional year of business operation will increase the business actor's income by IDR 8,131,140.174, assuming other independent variables remain constant. This result indicates that business duration has a positive and significant effect on income. In other words, the longer a business has been running, the higher the income generated. Previous research by Fitriani and Maulida (2020) shows that business duration has a positive and significant effect on the income of MSMEs. According to Marfuah & Hartiyah (2019), their research also found that business duration has a positive effect on income. This is in line with Tifania and Ismunawan (2022), who found that business duration has a positive effect on the income of MSMEs in the trade sector in Surakarta City. The longer the business operates, the greater the experience the business actors have in managing their business, both in terms of production, marketing, and financial management. Thus, in this study, the hypothesis and analysis results were consistent.

#### **The Effect of Working Hours on the Income of MSMEs in the Fashion Sector in Denpasar City, Bali Province**

The results of the multiple linear regression analysis test show a t-statistic value of -2.195 and a t-table value of 1.985. This means that  $t\text{-statistic} > t\text{-table}$ , so  $H_0$  is rejected and  $H_1$  is accepted. Thus, there is a negative and significant effect between the working hours variable and the income variable of fashion MSMEs in Denpasar City. The coefficient value is -582,150.216 with a significance value of 0.031. This means that every additional 1 working hour per day actually causes a decrease in average income by IDR 582,150.216, assuming other variables remain constant. The negative sign indicates an inverse relationship. In other words, working hours have a negative and significant effect on income. This shows that the more working hours undertaken, the more likely income will decrease. This phenomenon can be explained by the possibility of fatigue, decreased work efficiency, or ineffective time allocation. Research by Putu & Purbadarmaja (2024) found that working hour allocation has a

negative and significant effect on income in the roof tile industry in Darmasaba Village. This is supported by I Kadek and Ni Luh Karmini (2024), who found that working hours partially have a negative effect on the income of MSMEs in the fashion sector in Denpasar City. This shows that the hypothesis that working hours have a positive and significant effect on the income of fashion MSMEs in Denpasar City is not proven.

## CONCLUSION

Based on the discussion of the research results, the conclusions are as follows:

- 1) Capital, labor, the use of e-commerce, business duration, and working hours simultaneously have a significant effect on the income of Micro, Small, and Medium Enterprises (MSMEs) in the fashion sector in Denpasar City.
- 2) Each variable, namely capital, labor, the use of e-commerce, and business duration, has a positive and significant effect partially on the income of MSMEs in the fashion sector in Denpasar City. Meanwhile, the variable of working hours has a negative and significant effect partially on the income of MSMEs in the fashion sector in Denpasar City.

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