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THE RELATION BETWEEN HOME INDUSTRY ACTIVITY AND EMPLOYMENT ON ECONOMIC GROWTH TO CREATE A SUSTAINABLE ECONOMY COMMUNITY IN KOTA PARI VILLAGE

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Abstract:

Ideally, the growing number of industries will generate employment possibilities for the local population. The fact that many residents in Kota Pari, Deli Serdang Regency, do not have good jobs, however, is still a major problem. Even if Kota Pari is home to many home industries, they should nonetheless offer employment opportunities and decent pay to those without the funds to launch their own companies. Meanwhile, via effective administration of Regional-Owned Enterprises (BUMD) targeted at boosting the economy, the potential of villages and community resources can be maximized. To learn more about the job absorption from the current home industries in Kota Pari, Deli Serdang Regency, this research is essential. Economic growth is greatly impacted by the creation of home businesses, which should also benefit many communities by creating jobs and providing other social advantages. The large number of Kota Pari hamlets with home-based businesses ought to be used as a model for other villages that the Village Government can use to boost and expand Village-Owned Enterprises (BUMDES). According to the study's findings, Kota Pari village's economic growth was positively and significantly impacted by variables X1 and X2 (employment and home industry activity) at the same time. It is expressed favorably because economic growth will rise in tandem with improved domestic industrial activity and employment. Conversely, economic growth will also slow down if current domestic industrial activity and employment decline.

Keywords: *Home Industry Activity, Employment, Economic Growth*

INTRODUCTION

In today's fast-paced world, it is challenging for everyone to cultivate creativity and originality in their work and pastimes. The modern business world is characterized by fierce rivalry between both big and small companies. However, small enterprises, particularly home industries, can face significant hurdles and a higher failure rate due to their smaller scale. The rapid advancements in computer science and technology, which are meant to help satisfy the growing needs of humanity, have brought about significant changes. In many aspects of daily life, particularly in the business and industrial sectors, computers are becoming increasingly necessary. Integrity, labor force utilization, production process efficiency, and the full utilization of time and space can all be enhanced in the computer business (Blongkod & Rasjid, 2021).

By increasing community welfare and creating jobs for industrious and ready-to-work populations, local governments always aim to raise the standard of life for their citizens. The issue that every local government faces is the dearth of employment

opportunities for its citizens, which undoubtedly contributes to the region's declining economic standing and general well-being.

According to the population census, employment is the area of work that a person does or has done for a corporation, business, or agency. According to the Central Bureau of Statistics, a business field is the area of activity within a job, business, company, office, or place of employment. The goal of an employer's hiring request is to assist in the production of goods and services that will be offered for sale to the general public or consumers. Therefore, the rise in the general demand for labor-produced items determines the nature of the demand function. In contrast to consumer demand for products and services, labor demand refers to the link between the wage rate and the number of workers that firms wish to hire. People purchase products because they are useful to them. Employers, meanwhile, employ individuals because they manufacture commodities that are sold to the general public. As a result, the rise in society's need for the products that businesses manufacture determines the rise in their demand for workers. One of employment policies is to perform a thorough identification of the labor force, including its size, location, and classification by environment, as well as by sector, region, city/rural area, and other factors (Faried & Sembiring, 2020).

The business or action of turning semi-finished goods or raw materials into finished goods with added value for financial gain is known as industry. There will be more job prospects for the community as the number of industries grows. Industry is a type of economic activity that involves the conversion of less valuable items into more valuable ones. Due of the increasingly limited employment options in the contemporary globalized period, home industry has started to develop as a business potential. Those who run this type of home business are related to each other. The tools used in home industry are manual, and little cash is needed. This tiny industry group consists of home-based enterprises that are run from home for constant observation (Puspitasari et al., 2013).

Home businesses frequently enable people to follow their passions and pastimes, like cooking, crafting, or the arts. They may be able to make money doing what they like. But it's crucial to keep in mind that home industry has its own hazards and difficulties. Careful business planning, effective management, knowledge of the market and competitors, and a willingness to overcome obstacles are all necessary for success in a home-based business. Additionally, depending on the kind of business being operated and where it is located, local laws and permits can also be applicable. Home industry operators can also receive assistance and training from governmental and nonprofit institutions to help them expand their companies and add jobs (Sari et al., 2023).

Kota Pari Village, one of the 12 villages that comprise the Pantai Cermin Subdistrict, is located 7.5 kilometers west of the subdistrict. The 1000-hectare Kota Pari Village is known for its mangrove forest ecology and is situated in the popular coastline tourist area of Pantai Cermin Subdistrict. Fishermen from Kota Pari Village and beyond would catch shellfish, such as clams and mussels, in a hamlet called Kampung Polo (Hamlet XI) prior to it becoming a well-known tourist destination. Eleven hamlets make up Kota Pari Village, several of which have strong economic entities that could thrive with growth and assistance. Craftspeople who weave pandan, the Kecepe Shrimp Home Industry, the Palm Sugar Home Industry, and Mangrove Ecotourism are among Wong Polo's MSMEs (Fadlan et al., 2024).

Even though Kota Pari has a lot of home industries that should be able to offer employment opportunities and good wages to people who lack the capital to start their own businesses, the issue in Kota Pari, Serdang Bedagai Regency, is that many people still lack decent jobs. In the meantime, the proper and focused management of BUMD can maximize the village's potential and community resources in this hamlet to boost the economy (Hasanah et al., 2022).

RESEARCH METHODS

Finding a relationship between two or more variables was the aim of this study's quantitative research methodology. These results can be used to develop a hypothesis

that explains, predicts, and manages a symptom (Rusiadi et al., 2020). In order to describe the phenomena associated with the study data, descriptive statistical approaches are used. The relationship between the research variables is explained using the quantitative technique. This study employs a survey design in which participants are given questionnaires and data is gathered utilizing research tools. The replies are then analyzed using SPSS software to ascertain the relationship between the known parameters. The relationship between a number of independent and dependent variables is investigated using this method. In order to develop a hypothesis that will explain, predict, and regulate a symptom, this research approach seeks to ascertain the extent of the relationship, pattern, or effect between two or more variables (Rangkuty et al., 2024). The Simultaneous Analysis Method is used to support quantitative analysis, and this model may explain each variable's short-term influence. The Kota Pari village's home business proprietors made up the study's population. Purposive sampling was used to obtain the sample. The sample was obtained using the Slovin formula as follows:

$$n = \frac{N}{1 + Ne^2}$$

$$n = \frac{200}{1 + 200\,.\,(10\%)^2}$$

$$n = \frac{200}{1 + 200\,.\,(0{,}1)^2}$$

$$n = \frac{200}{1 + 200\,.\,(0{,}01)}$$

$$n = \frac{200}{1 + 2}$$

$$n = \frac{200}{3}$$

$$n = 66{,}667$$

Based on calculations with the Slovin formula, it was found that the number of sample, namely 66.667 respondents then rounded up to 67 respondents. in collecting the data, the researchers used observation and questionnaires by using Likert scale. In testing the questionnaire instruments, validity and reliability tests were used. Then, in analyzing the data, the researchers used Classical Assumption Test, Multiple Linear Regression Analysis, and Hypothesis Test.

RESULTS AND DISCUSSION

Validity and Reliability Test

Questionnaire items that would subsequently be distributed to up to 67 respondents were submitted in order to conduct the validity test. Use a Google Form to send a questionnaire via WhatsApp in order to test its validity. The SPSS version 22.00 software was used for validity testing, and the following standards were applied:

1) The question is deemed legitimate if rcount> rtable.

2) The question is deemed invalid if rcount is less than rtable.

According to the computation results, all question items had valid requirements for the home industry activity, employment, and economic growth variables based on rcount, which was greater than rtable of 0.244.

The purpose of the reliability test is to ascertain whether the measuring device is consistent and dependable, as well as whether it will hold up when the measurement is

repeated. The Cronbach's Alpha technique is the approach taken. Cronbach's alpha scale, which ranges from 0 to 1, is used to measure this approach. The alpha stability measure can be read as follows if the scale is divided into five classes with the same range:

1) Cronbach's alpha value of 0.00 to 0.20, means very unreliable.
2) Cronbach's alpha value of 0.21 s.d. 0.40, means not reliable
3) Cronbach's alpha value of 0.42 s.d. 0.60, means moderately reliable
4) Cronbach's alpha value of 0.61 s.d. 0.80, means reliable
5) Cronbach's alpha value of 0.81 s.d. 1.00, means very reliable

Table 1. The Reliability Test Results of Home Industry Activity Variable (X1)

Cronbach's Alpha	N of Items
0.680	14

Table 1 showed that the residential industry activity variable had a Cronbach's Alpha value of 0.680. Because the questionnaire's Cronbach's Alpha value was higher than 0.60, it may be concluded that it was dependable.

Table 2. The Reliability Test Results of Employment Variable (X2)

Cronbach's Alpha	N of Items
0.742	12

Table 2 showed that the employment variable's Cronbach's Alpha value was 0.742. Because the questionnaire's Cronbach's Alpha value was higher than 0.60, it may be concluded that it was dependable.

Table 3. The Reliability Test Results of Economic Growth Variable (Y)

Cronbach's Alpha	N of Items
0.660	14

Table 3 showed that the economic growth variable's Cronbach's Alpha value was 0.660. Because the questionnaire's Cronbach's Alpha value was higher than 0.60, it may be concluded that it was dependable.

Classical Assumption Test

1. Normality Test

One method of assessing whether or not the collected data is regularly distributed is the normality test. The Kolmogrov-Smirnov test can be used to perform a normality test, yielding the following outcomes:

Table 4. The Normality Test Result

One-Sample Kolmogorov-Smirnov Test				
		Home Industry Activity	Employment	Economic Growth
N		67	67	67
Normal Parameters[a,b]	Mean	52.85	41.09	44.28
	Std. Deviation	5.165	5.966	6.278
Most Extreme Differences	Absolute	.106	.078	.075
	Positive	.056	.064	.075
	Negative	-.106	-.078	-.072
Test Statistic		.106	.078	.075
Asymp. Sig. (2-tailed)		.058[c]	.200[c,d]	.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

The results of the Kolmogorov-Smirnov test indicate that the asymp.sig value has an $\alpha > 0.05$ value, as shown in Table 4. This demonstrated that the study's data were normally distributed and that the regression model can accurately forecast the dependent variable—economic growth—by using the input of the independent variables, which are employment and residential industry activity. Therefore, this data can be used for research.

2. Multicollinearity Test

The purpose of a multicollinearity test is to determine whether multicollinearity symptoms are present in a given set of data. This test examines the Variance Inflation Factor (VIF) and the Tolerance value. A multicollinearity issue may arise if the VIF value is higher than 10 and the tolerance value is less than 0.1.

Table 5. The Multicollinearity Test Result

Coefficients[a]			
		Collinearity Statistics	
Model		Tolerance	VIF
1	(Constant)		
	Home Industry Activity	.958	1.044
	Employment	.958	1.044

a. Dependent Variable: Economic Growth

3. The Heteroscedasticity Test

A test used to determine whether residual variances in a regression model are unequal between observations is called the heteroscedasticity test.

Table 6. The Heteroscedasticity Test Result

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	7.232	3.324		2.176	.033
	Home Industry Activity	-.023	.037	-.078	-.620	.538
	Employment	-.025	.075	-.042	-.334	.740

a. Dependent Variable: Abs_RES

Multiple Linear Regression Analysis

To ascertain the degree to which the independent variables—home industry activity and employment—have an impact on the dependent variable—economic growth—multiple linear regression analysis was employed. SPSS version 25 was used to analyze the data, yielding the following findings.

Table 7. Multiple Linear Regression Analysis Result

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	83.843	6.610		12.685	.000
	Home Industry Activity	.364	.091	.428	4.010	.000
	Employment	.274	.097	.300	2.812	.007
a. Dependent Variable: Economic Growth						

The regression equation Y = 83.843 + 0.364X1 + 0.274X2 is derived from the test data in the above table. This equation can be interpreted as follows:

1. The constant of 83.843 indicated that there was already an economic growth (Y) value of 83.843 in the absence of the variable home industry activity (X1) and employment (X2).
2. The regression coefficient for residential industry activities (X1) was 0.364. A positive correlation indicated that home industry activity and economic growth were positively correlated, meaning that for every 0.364 increase in home industry activity, economic growth would likewise rise by 0.364.
3. The coefficient of employment regression (X2) was 0.274. A positive correlation indicated that employment and economic growth were positively correlated, meaning that for every 0.274 increase in employment, economic growth would likewise rise by 0.274.

Hypothesis Test

1. Partial Test (T Test)

To ascertain whether each independent variable has a partial impact on the dependent variable, the T test is utilized. A 90% confidence level and a 10% error are used in this test. If tcount exceeds ttable, the independent variable is considered to have a partial effect. The significance level of 0.1 yields the ttable value. The outcomes are then as follows.

Table 8. T Test Result

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	83.843	6.610		12.685	.000
	Home Industry Activity	.364	.091	.428	4.010	.000
	Employment	.274	.097	.300	2.812	.007
a. Dependent Variable: Economic Growth						

The home industry activity variable had a tcount value greater than the t table, or 4.010 > 1.997, according to the test results in the above table. This suggests that there was a significant relationship between the home industry activity variable and economic growth, or, to put it another way, that H1 was accepted. It can be inferred that there was

a strong relationship between the employment variable and economic growth, or that H2 was accepted, because the tcount in the employment variable was greater than the ttable, or 2,812 > 1.997.

2. Simultaneous Test (F Test)

The F test seeks to ascertain if the independent variables—employment and home industry activity—have an impact on the dependent variable, economic growth, which is examined concurrently. A 90% confidence level and a 10% error are used in this test.

Table 9. F Test Result

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	409.754	2	204.877	11.941	.000[b]
	Residual	1098.037	64	17.157		
	Total	1507.791	66			

a. Dependent Variable: Economic Growth

b. Predictors: (Constant), Employment, Home Industry Activity

According to the test results shown in the above table, if the significance probability value is less than 0.05 (0.000 < 0.05) and the Fcount is greater than the Ftable (11.941 > 3.14), then H3 is accepted, meaning that employment and home industry activity have a significant impact on economic growth at the same time.

The findings demonstrated that Kota Pari village's economic growth was positively and significantly impacted by both employment and home industry activity at the same time. Based on the F test results, which indicated that the Fcount value was greater than the Ftable value (11,941 > 3.14), H3 was approved, indicating that employment and home industry activity were significantly influenced at the same time. In this manner, Kota Pari village's economy will grow more rapidly the more jobs and home industry activity there are. On the other hand, Kota Pari village's economic growth will likewise slow down if domestic industrial activity and employment decline. This study's findings were consistent with those of (Khumaeroh & Puspitasari, 2019) and Eliza et al. (2023) research. According to the eight interviewees, the influence of the home industry on enhancing the family economy is crucial in order for the profits from the sale of home industry products to cover everyday expenses, considering the price increases of everyday necessities like kitchenware and children's school fees, and to serve as a source of income in the event that no other sources of income are available. Housewives can boost the family economy by starting home-based enterprises that don't require them to rent a space, which can result in higher costs. Additionally, this home-based business can contribute to a slight decrease in the unemployment rate (Rahayu et al., 2024).

CONCLUSION

The following conclusions can be made in light of the findings and analysis of the study on how employment and home industry activity affect economic growth in Kota Pari village:

1. Kota Pari village's economic growth was significantly and favorably impacted by variable X1, or home industry activities. It is expressed favorably because economic growth will rise in tandem with improved domestic industry activity. Conversely, economic development will also slow down if domestic industry activity declines.
2. Kota Pari village's economic growth was significantly and favorably impacted by variable X2, or employment. It is expressed favorably since economic growth will rise in tandem with improved employment. Conversely, economic growth will also slow down if the quality of employment declines.
3. At the same time, Kota Pari village's economic growth was positively and significantly impacted by variables X1 and X2 (employment and home industry activity). It is expressed favorably because economic growth will rise in tandem with improved

domestic industrial activity and employment. Conversely, economic growth will also slow down if current domestic industrial activity and employment decline.

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