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THE INFLUENCE OF SOCIAL CAPITAL, HUMAN CAPITAL, AND EMPOWERMENT ON THE PERFORMANCE OF MICRO-BUSINESS PURUN WOVEN AND WATER HYACINTH CRAFTS IN HULU SUNGAI UTARA DISTRICT

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ABSTRACT
Developing micro, small, and medium enterprises is a significant part of economic development and job creation. Purun and water hyacinth plants are micro-enterprise products that still exist to be cultivated by the people of Hulu Sungai Utara. However, the development of micro and small businesses faces problems that can disrupt the performance of micro and small businesses. The performance and success of micro businesses are influenced by various factors (internal and external). One of the internal factors that affect the performance of micro-enterprises is human capital and social capital; on the other hand, external factors that affect the performance of micro-enterprises are the role of the government (empowerment). The purpose of this study is to analyze the effect of social capital on the performance of micro-enterprises, analyze the effect of human capital on micro-business performance, analyze the effect of empowerment on the performance of micro-enterprises, and analyze the effect of empowerment on social capital, and human capital on the performance of Purun and water hyacinth woven micro-enterprises in Hulu Sungai Utara District. The research was conducted in Hulu Sungai Utara District from February 2023 to May 2023. The micro-business samples in this study are micro-business actors who produce woven products (Purun and water hyacinth woven). The research sampling technique is non-probability sampling using a census technique with a sample size of 70 respondents. The data analysis used is Structural Equation Modeling (SEM) analysis. Social capital does not significantly affect the performance of micro businesses. Social capital is reflected through cooperation, trust, and participation. It is due to the condition of the social capital of artisans who tend to be oriented towards maintaining good relations among woven artisans with suppliers of raw materials and collectors. Human capital has a positive and significant influence on business performance. Human capital is reflected through skills and knowledge. It shows that better skills and knowledge of artisans increase their business performance. Empowerment has no significant effect on business performance. It is because empowerment is still not continuous and has yet to be entirely directed to take advantage of business opportunities through empowerment programs.

KEY WORDS
Social capital, human capital, empowerment, business performance.

Micro, small, and medium enterprises are one of the alternative business sectors that are in demand and initiated by most entrepreneurs in Indonesia. At least 99.9% of the field comes from small and medium micro enterprises, and 96.9% of the workforce works in this sector with a national entrepreneurship ratio of 3.47% and a total national MSME investment of 60%, as well as small micro-enterprises and middle class contribute to national GDP of 60.5%, contribute to non-oil and gas exports of 15.6% (Ministry of Cooperatives and Small and Medium Enterprises, 2022). According to Sarwono (2015), small, micro, and medium enterprises experience problems that are often related to economic and social issues in the form of poverty levels, unequal distribution of income, gaps in development stages between urban and rural areas, and urbanization issues, so that with the development of micro, small and medium enterprises (MSMEs) it is hoped that they will be able to contribute positively and significant in overcoming these economic and social problems.

Based on dataMinistry of Cooperatives and Small and Medium Enterprises (2022) shows that at least the total MSMEs in South Kalimantan Province until 2022 is equal to 72,113. Meanwhile, based on the business scale, micro, small and medium enterprises in Hulu Sungai Utara are dominated by micro-enterprises, and their number has increased from the previous year. Improved micro-business conditions can help in increasing the economic growth of a region. Hulu Sungai Utara Regency is one of the regencies in South Kalimantan with the potential for the development of micro, small, and medium enterprise products, which are quite diverse, including handicraft products in the form of woven including Purun and water hyacinth woven, which still exist to be cultivated among the community.

Business performance can be a measure of business failure and success. Business performance can be increased through social capital, where social capital influences and plays a role in increasing business excellence. Therefore, social capital is the principal capital that must be owned by business actors, micro, small, and medium enterprises, because social capital also increases the entrepreneurial spirit for business actors to run their businesses (Hadi & Purwati, 2020). On the other hand, the success of micro-enterprises is inseparable from human capital as individual skills and knowledge are obtained through formal education, training, or various other types of experience. Human capital describes the quality and capabilities of human resources that affect business activities (business) in terms of quality, competitiveness, and range of products owned. Empowerment of micro and small businesses is vital in development to create a just and prosperous society. If looking at the existing conditions, many micro and small businesses could still be more potent regarding capital, low technology, skills, and limited access to marketing. If this condition is allowed to continue, it is feared that micro and small business actors will experience failure in their business, resulting in a reduction in micro and small business actors. Empowerment is a form of support from both the government and the private sector to strive for resilience and sustainability of micro and small businesses in the form of providing information, training, mentoring, and providing business facilities and capital so that they can overcome problems and increase the performance capabilities of micro and small businesses (self-reliance business).

Based on the background previously described, the formulation of the problem in this study is as follows:

- How does social capital affect the performance of Purun micro-enterprises and water hyacinth woven crafts in Hulu Sungai Utara Regency?
- How does human capital affect the performance of Purun micro-enterprises and water hyacinth woven crafts in Hulu Sungai Utara Regency?
- How does empowerment affect the performance of Purun and water hyacinth woven craft micro-enterprises in Hulu Sungai Utara Regency?
- How does empowerment affect social capital and human capital on the performance of micro-enterprises of Purun and water hyacinth woven crafts in Hulu Sungai Utara Regency?

METHODS OF RESEARCH

The research was conducted from February 2023 to May 2023. The research location was carried out in Hulu Sungai Utara District. The data used in the research includes primary data and secondary data. Primary data were obtained from direct interviews with micro and small business actors using a list of questions, while secondary data was sourced from related offices/agencies. The micro-business samples in this study are micro-business actors who produce woven products (Purun and water hyacinth woven). The research sampling technique is non-probability sampling using a census technique with a sample size of 70 respondents.

Structural Equation Modeling (SEM) is used to analyze the effect of social capital, human capital, and empowerment on micro-business performance. According to Suliyanto (2011), the stages of the SEM method are:

- Development of a theory-based model. Based on a literature review, both theoretically and in terms of observation, the causality is agreed upon, and the formulation of a research hypothesis model is prepared as follows: there is a direct effect of social capital on the performance of micro businesses; there is a direct influence of human capital on micro-business performance; there is a direct effect of empowerment on the performance of micro-enterprises; there is a direct influence of social capital through empowerment for micro business performance through empowerment; there is a direct influence of human capital on the performance of micro-enterprises through empowerment;
- Compile a path diagram, where the theoretical model that has been built is described through a path diagram to be estimated;
- Converting path diagrams into equations consisting of structural equations, measurement specification equations, input matrix selection, and model estimation;
- Assessing model identification, where the expected model identification criteria are over-identified (df > 0) to produce a unique model estimate;
- Evaluation of the goodness of fit criteria consists of three evaluation criteria, namely:
- Evaluation of SEM assumptions: normality, where the assumption of normality can be met if the Z value > cr (±2.58) at a significance level of 0.01; outliers, namely where the data has unique characteristics that look very different from other data univariately and multivariate with a critical value criterion Z score ± 3.

Suitability test and statistical test, carried out to analyze whether a model is accepted or rejected with the conditions shown in Table 1:

Table 1 – Suitability test and cut of value

Conformity test index	Cut of value
X2-chi square	Expected small
Probability of significance	≥ 0.05
RMSEA	≤ 0.08
GFI	≥ 0.90
AGFI	≥ 0.90
CMIN/DF	≤ 2.00
TLI	≥ 0.95
CFI	≥ 0.95

Source: Suliyanto, 2011.

- Reliability test and variance extracted with the received reliability value of ≥ 0.70 and the actual variance received is ≥ 0.50. As for the test of reliability and variance extracted test can be obtained using the formula, namely:

$$\frac{(\sum standardized\ loading)^2}{(\sum standardized\ loading)^2 + (\sum measurement\ error)}$$

$$VE = \frac{\sum standardized\ loading^2}{\sum standardized\ loading^2 + \sum measurement\ error}$$

- Model interpretation and modification, where model modifications are made to models that do not meet the test requirements.

RESULTS AND DISCUSSION

Purun woven artisans are dominated by artisans with an age range of 46-55 years of 31%, while the fewest respondents are 17-25 years of age and > 65 of 2%. The percentage of Purun plaited respondents is shown in Table 2.

Most respondents of water hyacinth artisans were in the age range of 17-25 years, with a percentage of 51%. Referring to the criteria set by the Ministry of Health of the Republic of

Indonesia in 2009, most water hyacinth artisans are in the late teen category. As for the number of respondents, water hyacinth artisans can be seen in Table 3.

Table 2 – Age distribution of Purun woven artisans

No	Age of respondent (years)	Frequency (person)	Percentage (%)
1	17-25	2	6
2	26-35	4	11
3	36-45	8	23
4	46-55	11	31
5	56-65	8	23
6	>65	2	6
Total		35	100

Source: Primary data processed, 2023.

Table 3 – Age distribution of woven water hyacinth artisans

No	Age of respondent (years)	Frequency (person)	Percentage (%)
1	12-16	1	3
2	17-25	18	51
3	26-35	6	17
4	36-45	6	17
5	46-55	2	6
6	56-65	1	3
Total		35	100

Source: Primary data, 2023.

Based on the gender of the respondents, it was shown that woven artisans were dominated by women, namely 34 Purun woven and 27 water hyacinth artisans. It meant that woven crafts tended to be managed by women. If looking at the existing conditions, it shows that woven crafts are preferred by women where weaving activities are other than their primary job. Several artisans make this business an option to help earn additional income for their families. The distribution of woven artisans' respondents is shown in Table 4.

Table 4 – Gender of Purun and water hyacinth woven artisans

Craft business	Gender	
	Man	Woman
Purun woven	1	34
Water hyacinth woven	8	27
Total	9	61

Source: Primary data, 2023.

The results showed that respondents with a high school education level were 24%, junior high school 10%, elementary school 47%, and 19% still needed to complete their education. The detailed education level of the respondents can be seen in Table 5.

Table 5 – Respondents' educational level

Level of education	Amount Respondents (people)	Percentage (%)
Not finished	13	19
Elementary School	33	47
Junior High School	7	10
Senior High School	17	24
Total	70	100

Source: Primary data, 2023.

The level of education allows artisans to increase their chances of business success by accumulating knowledge and expertise. According to Bahua (2016), Slamet (1992) states that the higher the level of individual education, there is tendency to increase understanding,

attitudes, skills, and efficiency in work and to know better and more profitable methods (techniques) in working.

Social capital is measured by five indicators, namely cooperation, trust, independence, responsibility, and participation; human capital is measured by two indicators, namely knowledge and skills; empowerment is measured by 2 indicators, namely training and government support; and performance is measured by three indicators, namely marketing, income, and increase in factors of production. Based on the results of the confirmatory factor test (CFA) on the indicator of independence and responsibility, it has a factor loading value of <0.40, which means that the indicator does not have a strong correlation and validity as an indicator for measuring or explaining social capital, so this indicator needs to be dropped from modeling. The results of the confirmatory factor measurement (CFA) on the research variables are shown in Figure 1.

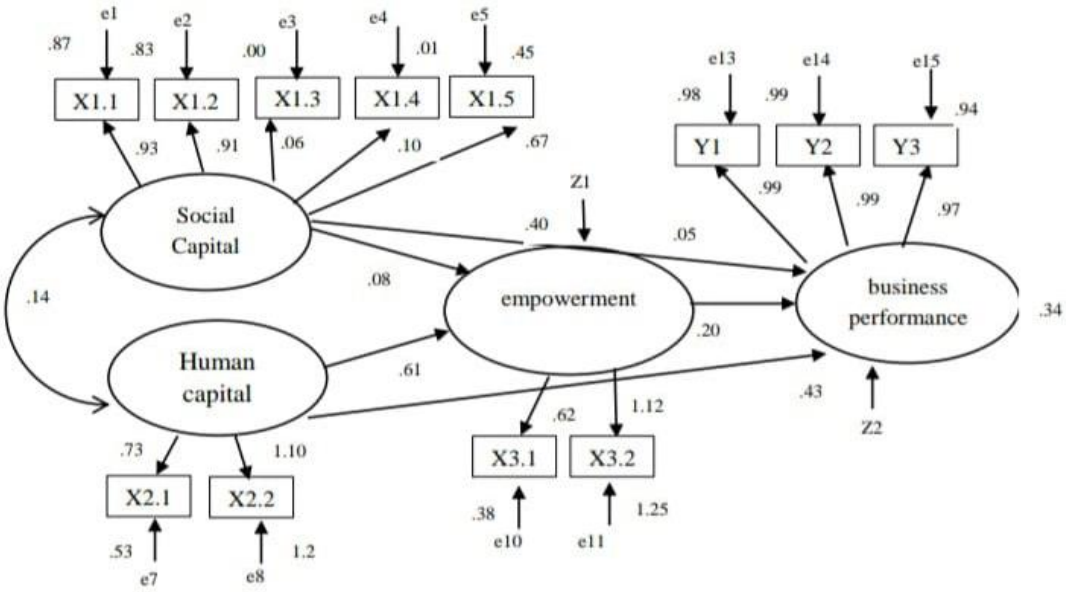

Figure 1 – Confirmatory factor analysis

Note: X1.1 = cooperation; X1.2 = trust; X1.3 = independence; X1.4 = responsibility; X1.5 = participation; X2.1 = knowledge; X2.2 = skill; X3.1= government support; X3.2 = training; Y1 = marketing; Y2 = income; Y3 = factor of production.

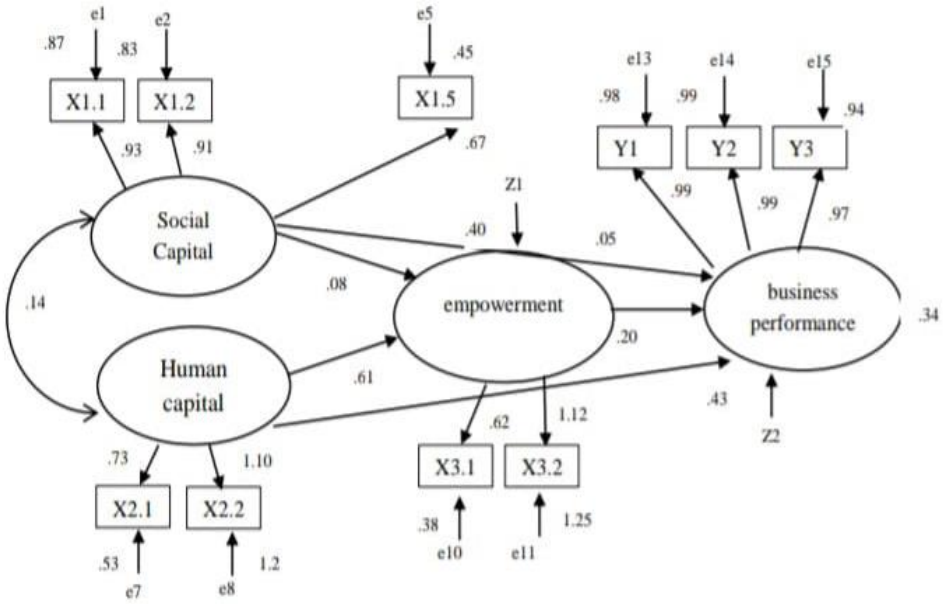

Figure 2 – Structural Models

After the confirmatory factor analysis construct, it can be seen that each parameter that can define a latent construct in the SEM model can be analyzed and shown in Figure 2.

The results of measuring the model's fit explain that the values of CMIN, CFI, RMSEA, TLI, and NFI follow the suitability index criteria, or the model is declared fit. In contrast, GFI and AGFI are at marginal fit, so the model is entirely appropriate or feasible to use. It is in line with Vaulla et al. (2014), which states that according to Ghozali (2005), if there are at least two GOF standards that have been met (showing appropriateness), then the model can be said to be feasible (appropriate). The model suitability test (goodness of fit) can be shown in Table 6.

Table 6 – Goodness of fit model test

Criteria	Cut of Value	Model results	Model evaluation
Chi-square (CMIN)	X2 table df(0.01, 29) = 49.588	40,409	fit
probability	≥ 0.05	0.077	fit
CMIN/Df	≤ 2.00	1,393	fit
GFI	≥ 0.90	0.889	Marginal fit
RMSEA	≤ 0.08	0.076	fit
AGFI	≥ 0.90	0.789	Marginal fit
TLI	≥ 0.95	0.977	fit
NFIs	≥ 0.90	0.950	fit
CFI	≥ 0.95	0.985	fit

Source: Primary data processed by Amos (2023).

Table 7 – Hypothesis testing

			Estimates	SE	CR	P
Empowerment	<--	Human capital	0.551	0.085	6.488	0.000***
Empowerment	<--	Social capital	0.191	0.168	1.140	0.254
Performance	<--	Social capital	0.112	0.212	0.527	0.598
Performance	<--	Human capital	0.338	0.096	3.537	0.000***
Performance	<--	Empowerment	0.173	0.093	1.852	0.064
Cooperation	<--	Social capital	1.000			
Trusts	<--	Social capital	0.936	0.097	9.682	0.000***
Participation	<--	Social capital	0.655	0.102	6.402	0.000***
skills	<--	Human capital	1.000			
Knowledge	<--	Human capital	0.597	0.084	7.091	0.000***
Training	<--	Empowerment	1.000			
support	<--	Empowerment	0.548	0.114	4.810	0.000***
Market	<--	Performance	1.000			
Income	<--	Performance	1037	0.023	45.388	0.000***
production factor	<--	Performance	0.957	0.034	28.538	0.000***

*Source: primary data processed (2023). ***: significant at the α level of 0.05.*

The significance test can be seen from the C.R with the condition that CR ≥ t table then it is declared significant. If the standardized coefficient has a positive value and probability > 5%, it can be concluded that the research hypothesis is proven significant. The t table value is 1,699 (df 29, α 0.05). The statistical analysis results with Amos software obtained the output of the hypothesis test results shown in Table 7.

Based on the output from Table 7, the hypothesis can be tested as follows:

- Social capital does not have a significant effect on business performance as indicated by t count of 0.527 (significance value of 0.598 > α 0.05). This means that the hypothesis which states that there is a significant influence between social capital and business performance is rejected (so H0 cannot be rejected). The results of this study are not in line with Wusko (2022); Martono & Riyanto (2017) which states that social capital has a significant effect on the performance of SMEs;
- Human capital has a positive and significant influence on business performance as indicated by t count of 3.73 (significance 0.000 < α 0.05). This means that H2 is

accepted. The results of this study are in line with Wulandari et al., (2020) which states that human capital has a significant influence on the performance of SMEs;

- Empowerment has no significant effect on business performance with t count of 1.852 (significance 0.064 > α 0.05). This shows that H0 cannot be rejected. The results of this study are not in line with Samosir et al., (2016); Sari (2021) which states that empowerment has a positive and significant effect on the performance of MSMEs at the α level of 0.05;
- The influence of social capital with empowerment as an intervening variable has no significant effect on micro business performance with a T value of 1.140 (significance 0.254 > α 0.05). This means that H0 cannot be rejected;
- The influence of human capital with empowerment as an intervening variable has a positive and significant impact on micro business performance with a t count of 6.488 (significance 0.000 < α 0.05). This means that H5 is accepted.

The structural model includes examination of the significance of the estimated coefficients either directly (simultaneously), indirectly or the total effect. The magnitude of the effect of each variable directly, indirectly and the total effect can be seen in Table 8.

Table 8 – Direct effect, indirect effect and total effect

Variable	Immediate effect	Indirect effect	total effect
Social capital → performance	0.053	0.016	0.069
Human capital→performance	0.427	0.120	0.547
Empowerment→performance	0.196	0.000	0.196

Source: Primary data processed (2023).

Social capital has no direct effect on the performance of micro businesses of 0.053, which is reinforced by the significance level of social capital's influence on business performance of a p-value of 0.598 > α 0.05. Based on the study's results, it was shown that the form of cooperation with woven artisans was manifested in the fulfillment of raw materials and marketing activities. Where artisans tend not to be able to provide the needs of woven raw materials independently, they still depend on the existence of woven raw material suppliers. The limitations of woven raw materials for both Purun and water hyacinth are due to the disturbance of the habitat where Purun and water hyacinth grow by unwanted wild plants and a decrease in the quality of Purun due to water pollution so that Purun and water hyacinth are starting to be challenging to find. It encourages cooperation between raw material suppliers and woven artisans. For Purun woven artisans, cooperation also occurs in terms of marketing, where Purun woven artisans choose to market their woven to collectors with the consideration of reducing transportation costs. Therefore, the artisans always maintain a cooperative relationship with those who support their business. However, the marketing method used by the Purun woven craftsmen has a weakness: the selling price received by the artisans tends to be low (cheap). Buyers' trust in woven artisans can be manifested in the quality and services provided so that the building of customer trust can provide opportunities for the creation of customer loyalty to woven products produced by woven craftsmen.

Human capital has a direct effect on the performance of micro-businesses 0.427; this result is reinforced by the level of significance of the influence of human capital on business performance with a p-value of 0.000 < α 0.05, which means that the higher the human capital will increase business performance. The education level of the majority of artisans is still low-educated, so it can affect the views of micro-entrepreneurs (artisans) in thinking about developing their business, and the age and experience of the artisans' business can influence efforts to improve the skills of woven artisans in innovating the products they work. The study results show that the knowledge of woven artisans is closely related to the sources of knowledge obtained by artisans regarding their business activities. The majority of artisans obtain knowledge about methods or business activities from hereditary businesses with systems that are still traditional, so product innovation tends to be low. Most of the supports for the continuity of the Purun woven craft business are women. It differs from woven water

hyacinths, done by both men and women. If judging from the existing conditions, there are still artisans who do not sort the raw materials used to make plaits, and there are still artisans who are accustomed to weaving haphazardly. It will undoubtedly affect the resulting product to have low quality and neatness. Therefore, efforts are needed to increase knowledge about the importance of product quality to artisans. On human capital, If the knowledge of woven artisans is increased, one of them is by disseminating information about innovations in woven products, then this can increase the human capital of woven artisans. On the other hand, the increase in the skills of business actors can be seen, one of which is the ability of business craftsmen to read opportunities and follow product trends that buyers demand. The study results show that most artisans only produce one type of woven product; they innovate products if there is a direct request from the buyer.

Empowerment has no significant effect on micro-businesses performance with a coefficient value of 0.196 at a significance level of p-value 0.064 > α 0.05. Meanwhile, the indirect effect of empowerment as an intervening variable is insignificant on social capital, with a coefficient value of 0.016 at a significance level of 0.245 > α 0.05 and an indirect and significant effect on the human capital of 0.120 at a p-value of 0.000 < α 0.05. Empowerment is still not continuous and is not wholly directed to take advantage of business opportunities through empowerment programs. Empowerment is a form of government effort to support and encourage the strengthening of the potential of the community. It is expected to free the community from obstacles to business development. Lack of attention and guidance for micro-business actors will impact the performance and welfare of business actors. Based on the results of interviews and research, it shows that most business actors need more government support, especially regarding the procurement of raw materials for woven crafts. In addition, training on innovative product quality improvement and product marketing is also considered an essential aspect for woven artisans to have. Empowerment of social capital and human capital to improve the performance of micro-enterprises continues to be carried out by the North Hulu Sungai Regency government. For example, training and mentoring for woven artisans can be seen after post-Covid 19. The regional government and related agencies have intensively encouraged artisans to improve their skills in woven product innovation. Empowerment in forming business groups is one of the government's supports to increase the skills of artisans both in terms of quality and product innovation. In addition, the government began to encourage artisans to take advantage of technological developments as a means of promotion and market expansion to increase the performance of micro-enterprises.

CONCLUSION

Based on the results and discussion, the following conclusions are obtained:

- Social capital only significantly affects the performance of micro businesses. Social capital is reflected through cooperation, trust, and participation. It is due to the condition of the social capital of artisans who tend to be oriented towards maintaining good relations among woven artisans, with suppliers of raw materials and collectors;
- Human capital has a positive and significant influence on business performance. Human capital is reflected through skills and knowledge. It shows that better skills and knowledge of artisans increase their business performance;
- Empowerment has no significant effect on business performance. It is because empowerment is still not continuous and has not been entirely directed to take advantage of business opportunities through empowerment programs.

SUGGESTIONS

Empowerment has an indirect effect on human capital in improving micro-business performance. It is hoped that efforts to empower the human capital of micro-entrepreneurs will continue to be developed intensively. Empowerment in the form of training and assistance can be facilitated by related parties, for example, through the village government,

hoping that existing micro-enterprises can help improve the village economy. Furthermore, government support is needed to increase the ability of woven artisans to produce unique and competitive products and expand marketing and cooperation. In addition, training for business actors in business development and marketing decisions for the resulting business products. Furthermore, government support is needed in terms of efforts to create a healthy business climate, development of business support systems, and simplification of licensing procedures for micro-enterprises. The need for simplification of business credit applications for micro-entrepreneurs in overcoming capital problems. Referring to the social capital owned by artisans, they should continue to establish good cooperation with related stakeholders to strengthen cooperation and trust that has been established for a long time or has recently been established to improve the progress of ongoing micro-businesses.

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