

## THE EFFECT OF BUSINESS CAPITAL, LABOR AND WORKING HOURS ON COFFEE SHOP INCOME IN DENPASAR CITY

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**ABSTRACT:** Coffee shop is one type of business that is currently being developed in the midst of other businesses that provide various choices. Coffee shops are able to bring new benefits to their owners and provide satisfaction to buyers. The purpose of conducting this research was to determine the effect of the independent variables of this study, namely capital, labor, and working hours on coffee shop income in Denpasar City. This research was conducted in Denpasar City. The type of data used in this research is quantitative data. Data collection was carried out by means of a questionnaire (questionnaire) method. The analysis technique used is multiple linear regression. The results showed that the variables of capital, labor, and working hours simultaneously had a significant effect on coffee shop income in Denpasar City. The results of t-test research indicate that capital, labor, and working hours partially have a positive effect on coffee shop income in Denpasar City.

**Keywords:** Capital, Labor, Hours of Work, Income

### I. INTRODUCTION

One of the Small and Medium Enterprises or Micro, Small and Medium Enterprises that is developing and is spread in the city of Denpasar is the Coffee Shop. In the last few years, in Denpasar, coffee shops have developed quite rapidly, on average in locations such as campuses, office areas, main roads to roads that are busy at certain hours of traffic. Coffee shop is one type of business that is currently being developed in the midst of other businesses that provide various choices. Coffee shops are able to bring new benefits to their owners and provide satisfaction to buyers. The rise of coffee shops today is inseparable from the influence of the big city lifestyle, which offers a lot of fun for entertainment seekers and is a favorite "hangout" place. The coffee shop is a promising business area, the growth of coffee shops in Indonesia itself has outperformed the growth of mushrooms in the rainy season. Not only in big cities, even small cities already have a lot of coffee shops that have mushroomed even though they have different standards and markets. Indonesia is one of the largest coffee producing countries in the world. At this time, the emergence of the trend of hanging out in coffee shops is very popular in various circles. A coffee shop or coffee shop is a timeless business, always present in line with the changing times. Coffee shops are a timeless marketing concept, because if you look at the history of the entry of coffee to Indonesia, you can say that coffee has always experienced an increase in enthusiasts, even loyal enthusiasts who have always been loyal to coffee.

Nowadays, the cafe boom is becoming a daily sight. Through various mentions, such as Coffee Shop, even cafes are increasingly mushrooming in various circles. The rise of these cafes is also accompanied by certain themes and goals. for example, various concepts with musical accompaniment, affordability, to menu offerings with traditional to modern nuances seem to be the main attraction

Along with the progress and development of the times, there has been an increase in welfare and changes in the lifestyle of the Indonesian people which have an impact on fulfilling refreshing needs, one of which is visiting a coffee shop. It is not just an activity of buying and selling drinks and food like in an ordinary coffee shop, but the coffee shop here offers a different atmosphere in terms of facilities and comfort of the place. Even coffee shops can be said to be the third place after homes and offices, meaning that people prefer coffee shops to relax and get rid of fatigue (Sahlatul, 2018). In addition, for visitors who have business needs, the coffee shop is used as a place to conduct meetings (meetings). This location was chosen because meeting participants became more relaxed in conducting meetings while enjoying coffee, snacks, and other drinks. With so many conveniences offered by a coffee shop, it makes people more motivated to visit and spend time at the coffee shop. This can make drinking coffee a new lifestyle.

The number of coffee shops in Denpasar City in 2020, spread across four sub-districts in Denpasar City, is 55 units. The area with the highest number of coffee shops is South Denpasar, with 18 units. Meanwhile, the area with the lowest coffee shop business distribution is East Denpasar with 11 units. From this figure, it shows that the development of coffee shops in the city of Denpasar is growing very rapidly in 2020. The reason for the city of Denpasar being the location for setting up a coffee shop business is because Denpasar City, which is on the one hand as the central point of various economic activities, is also well-known as a destination. tourist destinations and strategic areas.

With the large number of coffee shops in the city of Denpasar, is it just following the trend in the past few years or indeed the promising income by establishing a coffee shop has made young entrepreneurs prefer to open or pursue a business in this field rather than in other fields.

Capital is one factor that is no less important that affects the level of income. Working capital affects the increase in the number of goods or products produced, so that it will increase income (Agyapong, 2010). The use of large capital in the production process will increase the profits to be received, preferably if the capital used is small, the benefits obtained are also reduced (Cahyadinata, 2018: 334). Without sufficient capital, it can affect the smooth running of the business and can further affect the income earned (Ardika, 2017). This is consistent with the Cobb-Douglas theory which states that production output is influenced by capital. Adam Smith expressed his opinion in his book entitled "Inquiry into the Nature and Causes of the Wealth of Nations" namely Capital is an element of production that actively determines the level of output. Its role is very central in the production process because the greater the capital used by the company, it will increase productivity. With maximum capital, you will be able to generate maximum income or profit. In this case, the more coffee a coffee shop can produce and sell, the more income the coffee shop will get.

According to research by Ng'ombe and Kalinda (2015), stating that labor is the production factor that most influences production results and increases income. The labor factor is an important factor in increasing income and a high-quality workforce can increase the promotion of an industry (Afrooz, 2010). This is supported by the research of Dwiky and Indrajaya (2019), which states that labor directly has a positive and significant effect on income. Unlike the case with the research of Trisnawati et al (2013), which states that labor partially has no effect on income. According to Jules (2012), labor is an indicator that provides a better multiplier effect than other additives on income. According to Sumarsono (2013), if many products are sold, entrepreneurs will increase their production. The increase in the amount of production will result in an increase in the workforce needed, so that the income will also increase. According to Mankiw (2003: 46) "labor is the time people spend working". In this case, labor or people who work are one of the factors of production that determine the increase in productivity. So an adequate workforce will be able to drive other input factors. Increasing labor productivity will encourage increased production, so that income will also increase.

The results of Jafar and Tjiptoroso's research in Firdausa (2012) prove that there is a direct relationship between working hours and income. Each additional operational time will open up more opportunities for increased sales turnover. The flow of hours of work that affects income is the duration of time spent running a business, which is measured by the length of time in hours spent by a person doing work each day. The more working hours are sacrificed, the more productivity will be, and the income earned will increase (Riyani, 2020). The working hour variable has an effect on the income of traders because a large number of working hours will increase the value of the merchant's productivity, in other words, there will be more opportunities for buyers to buy their merchandise. More and more buyers will certainly increase sales results and profits (Adhikari, 2017).

## II. METHODS

This research is an explanatory research with a quantitative approach. The location of this research was conducted in Denpasar City. The reason for choosing the research location was due to the very rapid development of the coffee shop business in Denpasar City in recent years. Even in 2020, you can find a coffee shop that is located side by side with other coffee shops.

The population in this study were all coffee shops in the city of Denpasar. The sample size is taken using the Hair Formula. Hair formula is used because the population size is not known with certainty. So it is suggested that the minimum sample size is 5-10 observations for each parameter estimated. In this study, the number of samples was 55 coffee shops from the coffee shop owners in Denpasar City. So, the number of indicators is 11 multiplied by 5). So, through calculations based on this formula, the sample size of this study is 55 coffee shops from coffee shop owners in Denpasar City.

The data collection method used a questionnaire with data analysis techniques using multiple linear regression analysis. multiple linear regression equation as follows:

$$Y_t = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

Information:

$Y_t$  = dependent variable (predicted value)

$X_1, X_2, X_3$  = Independent variable

$\alpha$  = constant (Y value if  $X_1, X_2, \dots, X_n = 0$ )

$\beta$  = regression coefficient (value of increase or decrease)

### III. RESULTS AND DISCUSSION

#### *Results of Multiple Linear Regression Analysis*

This study uses multiple linear regression analysis techniques for data processing. Multiple linear regression analysis is an analytical technique used to determine the effect of the independent variable (Variable X) on the dependent variable (Variable Y). The following are the results of the multiple regression analysis equation in Table 1.

**Table 1. Multiple Linear Regression**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	9,743	,339		28,719	,000		
	X <sub>1</sub>	,404	,138	,355	2,932	,005	,435	2,297
	X <sub>2</sub>	,328	,125	,290	2,627	,011	,523	1,912
	X <sub>3</sub>	,357	,146	,289	2,444	,018	,456	2,193

Primary Data, 2020

The model of the relationship between the dependent variable and the independent variables can be arranged in a function or equation. The analysis data processing is done using the SPSS program. The results of the multiple linear regression analysis equation are as follows:

$$Y = 9.743 + 0.404X_1 + 0.328X_2 + 0.357X_3$$

This multiple regression analysis can be interpreted as the coefficient value of the capital level = -0.404 so, if the capital increases by 1 rupiah, the coffee shop income will decrease by 0.404 rupiah, assuming constant labor and working hours. The labor coefficient value = 0.328 means that if the workforce increases by 1 person, the coffee shop income will increase by 0.328 rupiah, assuming constant income and working hours. The coefficient value of working hours = 0.357 means that if the working hours increase by 1 hour, the coffee shop income will increase by 0.357 rupiah, assuming constant income and labor.

#### *Results of the Partial Regression Coefficient Significance Test (t test)*

Hypothesis testing is carried out to test the significance of the effect between variables X and Y, whether variable X actually affects variable Y separately or partially. This test can be done by observing the regression results processed using the SPSS program, namely by comparing the significance level of each independent variable  $\alpha = 0.05$ . If the significant level  $t < 0.05$ , the hypothesis proposed in this study is accepted. The results of the hypothesis test (t test) of this study can be seen in Table 2 below:

**Table 2. Hypothesis test results (t test)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,743	,339		28,719	,000
	X <sub>1</sub>	,404	,138	,355	2,932	,005
	X <sub>2</sub>	,328	,125	,290	2,627	,011
	X <sub>3</sub>	,357	,146	,289	2,444	,018

Primary Data, 2020

#### *Partially Positive Effect of Capital on Coffe Shop Income in Denpasar City*

The results of the analysis in table 2 (t test) show that the coefficient value of all independent variables is positive or  $> 0$ , and the significance value is smaller than  $\alpha = 0.05$ , with t-value of 2.932 > t-table of 1.67469. The test results state that capital partially has a positive effect on coffee shop income in Denpasar City, so it can be concluded that the first hypothesis (H1) is accepted.

This is supported by the research of Usman and Filiani (2018), which states that capital directly has a positive and significant effect on income. Capital is one factor that is no less important that affects the level of income. Working capital affects the increase in the number of goods or products produced, so that it will increase income (Agyapong, 2010). According to Riyanto (2001), capital is not always synonymous with money, but it can be said as anything that can be used to produce goods or services. Working capital is property

owned by a company that is used to carry out business activities or finance company operations. The greater the company's capital, it will have a positive effect on income. Working capital varies depending on the size of the business. The more available capital, the more developed the business and the greater the working capital, the more the business will earn a profit or income, Dwiky and Indrajaya (2019). The use of large capital in the production process will be able to increase the profits that will be received, preferably if the capital used is small, the benefits obtained will also decrease (Cahyadinata, 2018: 334). Without sufficient capital, it can affect the smooth running of the business and can further affect the income earned (Ardika, 2017). This is consistent with the Cobb-Douglas theory which states that production output is influenced by capital. The more coffee that can be produced and sold, the more income the coffee shop will get.

#### ***Partially Positive Effect of Labor on Coffe Shop Income in Denpasar City***

The results of the analysis in table 2 (t test) show that the coefficient value of all independent variables is positive or  $> 0$ , and the significance value is smaller than  $\alpha = 0.05$ , with tcount of  $2.627 > t$  table of  $1.67469$ . The test results state that labor partially has a positive effect on coffee shop income in Denpasar City, so it can be concluded that the first hypothesis (H1) is accepted.

This is supported by the research of Dwiky and Indrajaya (2019), which states that labor directly has a positive and significant effect on income. Unlike the case with the research of Trisnawati et al (2013), which states that labor partially has no effect on income. The number of workers has a significant effect on income, if the use of high labor, the resulting output will increase and affect the increase in business income, on the contrary, when the income decreases or a little, the resulting output will also decrease, resulting in a decrease in the business income. According to research by Ng'ombe and Kalinda (2015), stating that labor is the production factor that most influences production results and increases income. The labor factor is an important factor in increasing income and a high-quality workforce can increase the promotion of an industry (Afrooz, 2010). According to Jules (2012), labor is an indicator that provides a better multiplier effect than other additives on income. According to Mankiw (2000: 46), the more workers that the more output is produced, and vice versa, the less labor is used in the production process, the less output is produced. The increase in output produced or produced will have an effect on increasing the amount of income. Labor has a positive effect on income. An increase in the number of workers in a business activity will result in an increase in the amount of production so that it will increase the income earned by these business activities (Prabhandina, 2017). An increase in the use of labor at a certain level can increase labor productivity, so the increase in the use of labor will increase income, this is because the cost per unit falls, because companies get more output for every money spent on paying for the labor used (Mahaendra et al., 2018).

#### ***Simultaneous Significance of Regression Coefficient Test Results (Test F)***

The F statistical test is used to see the feasibility of the research model. The F test basically shows whether all the independent or independent variables included in the model have a joint influence on the dependent or dependent variable. The test criteria for  $H_0$  are rejected if  $F_{count} > F_{table}$ . If the results of the F test show a significance of  $\leq 0.05$ , the relationship between the independent variables is a significant influence on Coffee Shop Income and the regression model used is considered feasible. The Simultaneous Test Results (Test F) of this study can be seen in Table 3 below:

**Table 3. Simultaneous Regression Coefficient Significance Test Results (Test F)**

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	74,268	3	24,756	35,334	,000 <sup>b</sup>
	Residual	35,732	51	,701		
	Total	110,000	54			

Primary Data, 2020

#### ***The Simultaneous Effect of Capital, Labor, and Working Hours on Coffee Shop Income in Denpasar City***

Based on the research objectives and the second hypothesis (H2) which explains that capital, labor and working hours simultaneously have a significant effect on coffee shop income in Denpasar, the results of the analysis in table 2 (f test) are obtained with a significance value of  $0.000 < 0.05$ , and  $F_{count}$  of  $35.334 > F_{table}$  of  $2.78$ . The test results mean that capital, labor and working hours simultaneously have a significant effect on coffee shop income in Denpasar City. So, it can be concluded that the second hypothesis in this study (H2) is accepted.

The concept of capital, labor, and working hours helps to simultaneously explain the significant influence of the variables of capital, labor, and working hours on coffee shop income. Meunurut Sukirno (2004),

income is the reward received by the factors of production within a certain period of time. Production that runs optimally is done by workers with a maximum of working hours, and in production it requires capital for the activity of purchasing raw materials. When capital, labor, and production can be carried out optimally, it will provide benefits to business income.

Previous research also supports this result where according to Agyapong's research (2010), working capital affects an increase in the number of goods or products produced, so that it will increase income. According to Jules (2012), labor is an indicator that provides a better multiplier effect than other additives on income. Good working hours will increase the productivity of traders, Adhikari (2017) said that more buyers will certainly increase sales results and profits.

#### IV. CONCLUSION

The results of the study provide additional information on how the variable ability of capital, labor, and working hours to coffee shop income. The variable capital has a simultaneous and partially positive influence on coffee shop income, which shows that in accordance with the concept of capital, the optimal use of capital or the amount of capital will increase business income. The labor variable has a simultaneous and partially positive influence on coffee shop income. A large workforce will provide more effective services to consumers so that it will have a good impact on business income. The working hour variable has a simultaneous and partially positive influence on coffee shop income. The working hours or operating time of a business also determines how much income the company will receive. Based on this explanation, it can be seen that the influence of capital, labor, and working hours has a simultaneous effect and also a positive partial effect on coffee shop income.

The results of this study can be used as consideration for academics, investors and related parties who need information for decision making based on coffee shop income in Denpasar City. This is due to the variables of capital, labor, and working hours that can provide evaluation and review of information regarding decision making in accordance with the needs of related parties, on the income of coffee shops in Denpasar City.

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