The Determinant of The Improvement of Sales Volume by Small Medium Enterprises That Sell Processed Food in Gorontalo Regency

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ABSTRACT

The study aims to determine the effect of partially or simultaneously the brand image of SMI products, investment through government capital assistance and zakat routines to increase the sales volume of IKM food processed products in Gorontalo Regency. The results showed (1) Simultaneously the brand image of IKM products, investment through government capital assistance and zakat routines simultaneously had a significant effect on the increase in sales volume of IKM food processed products in Gorontalo Regency. (2) partially brand image has a significant positive effect on the increase in sales volume of SMI food processed products in Gorontalo Regency. Investment through government capital assistance has not a significant positive effect on the increase in the sales volume of SMI food processed products in Gorontalo Regency. Zakat routine has a significant positive effect on the increase in the sales volume of SMI processed food products in Gorontalo Regency.

Keywords: Sales Volume, Brand Image, Capital Investment, Zakat

INTRODUCTION

Small Medium Enterprises or called SME is an enterprise group that can employ many laborers to provide community income. Therefore, this form of business as an activity carried out by an entrepreneur or several entrepreneurs. The activity starts from raw material to the final products which are ready to be in the market at a good price. The goal of SME in a certain area is basically to fulfill community needs upon the products which affect absorbing labors in the areas. Therefore, the small-medium industry can bring a good impact on the economy of a certain area.

An area that has a large growth rate of SME is Gorontalo Regency. It is the largest regency in Gorontalo Province which has a large population. Therefore, this may be an opportunity to develop small-medium enterprises especially in the aspect of food processing. A lot of commodities become the basic commodity in Gorontalo Regency which should be managed maximally by some entrepreneurs such as processing coconut, corn, and other commodities that can produce a unique good and has a good economic value. Therefore, they can contribute to improving a new SME or those which have operated.

The improvement of sales certainly becomes hope for all parties since the big sales volume is a sign of a good performance of SME. The sales volume turns into a final result which has to be achieved by a company. Sales volumes come from cash or credit, and all of them are calculated from the final total. If the sales volume increases and the distribution cost decreases, the sales profit of a company will increase. However, if the sales decrease, the sales profit will also decrease. According to Kotler (2009: 186), sales

volume means that the products are sold in the form of money in a certain period, and it provides good service.

One of the important strategies should be noticed to improve sales improve is a brand image of a product. Aeni and Saputra (2019) stated that a lot of companies compete with other competitors to attract customers. It aims to maintain their company's image. One of the ways is improving their brand images since small enterprises in the level of home industry like to gain income. The crucial part is that customers' perceptions of the brand and image of a company will make them believe to purchase and sometimes give recommendations to other people. Therefore, the increasing number of sales volumes is achieved.

The other factor is the investment from government capital assistance. There is a commitment from the Central and Regional governments to provide a conducive business climate and to encourage the growth of SME through various endeavors such as capital assistance for the owner's investment. According to Tambunan in Priyandika (2015: 30), capital is wealth that is directly or indirectly used during the process. In economics, capital is a new good or service. Capital or cost is an important factor for small, medium, or big business.

Capital is a factor of production that has a strong influence in gaining productivity or output. Macro capital is a big driver to increase investment both directly in the production process and the production infrastructure, to be able to drive an increase in productivity and output to achieve an increase in profits or income from the group. Regarding capital, the problem is observed that the lack of understanding of the joint business group both the chairman and its members, especially in the use and efficiency of capital in achieving better profits. It can be identified from the large distribution of the amount of profit for each member and chairman compared to the capital used to increase the good progress of the business carried out by the group.

Internal factors of a brand image and external factors in the form of investment through capital assistance from the government certainly have good impacts on sales volume. Besides both aspects, it is important to have a routine such as zakat by SME to improve the religious level of SME owners. Therefore, it may be beneficial to improve emotional and spiritual abilities to make innovations of the products. Every profit must be issued at least 2.5% for zakat which may ease the steps of SME owners. It is according to Al-Qordawi (2003), zakat is the worship of *amaliyah ijtimaiyah* which has important strategies and to determine entrepreneurship.

Among people who do charity, they aim to clean themselves through charity. As stated in Al Qur'an Surah At-Tawbah : 103, "Take, [O, Muhammad], from their wealth a charity by which you purify them and cause them to increase, and invoke [Allah 's blessings] upon them. Indeed, your invocations are reassurance for them. And Allah is Hearing and Knowing". It indicates that this factor can motivate a person to do charity. Therefore, it is important to find out that charity can increase the sales volume from SME through the help of Allah SWT as the Creator of resources.

The determinant of sales volume becomes very important to be conducted because the last 3 years there has been an increase and decrease or less stable sales volume of a product. There were 3,135 SME in 2017 in Gorontalo Regency, but they have contributed in small scales. It indicates that they have very minimal income. Therefore, to form a

brand image of a product, capital assistance from government and charity may improve the sales of processed food products.

Based on the discussion above, it is important to research "**The Determinant of the Improvement of Sales Volume by Small Medium Enterprises that Sell Processed Food in Gorontalo Regency**".

RESEARCH METHOD

It is qualitative research using secondary and primary data on appointed respondents. Several aspects related to the methodology are explained as follows:

1.   Operational Variable
Variables in the research consist of bound variables such as sales volume improvement which measures averagely during the selling activities for 3 years: 2016, 2017, and 2019. Then, there are 3 free variables such as (1) variables of the brand image of SME products which are measured using a questionnaire in guttman scale for the owners. (2) Investments through capital assistance from government measured using dummy variables where point 1 for SME which received government assistance since they established, point 0 for SME which has not received any government assistance. (3) Charity routines which are measured by dummy variables as much as 1 for SME which 3 times in a month make charity in the form of products or money, and those which make less than 3 times in a month.
2.   Population and Sample
The population of the research obtained from Diskoperindag, Gorontalo Province where the total of SME in Gorontalo Regency is listed as much as 3,135. Then from Slovin pattern, it got 97 people for the sample. The sample is focused on SME in processed food.
3.   Data Analysis
The research applies multiple regression which is presented as follows:

$$Y = a + bX1 + bX2 + bX3 + e$$

Information:
Y = Sales Volume
a = Constant
b1,b2,b3 = Regression Coefficient
X1 = Product Brand Image
X2 = Investment through Government capital assistance
X3 = Charity routines
e = Error Level

RESULTS AND DISCUSSIONS

The respondents of the study were the owners of SME in Gorontalo Regency where located in 19 Districts. There are 5 enumerators to collect the research data for a month to produce accurate data based on facts in the field. The following is the explanation of data analysis:

1.   The Similarity of Multiple Regression
        Multiple Regression Analysis is used to discover the impact of free and bound variables. After the classical assumption test is fulfilled, the next step is data modeling

using multiple regression analysis. The analysis result is processed by SPSS program displayed in table 4.18 as follows:

Table 1: Regression Analysis Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-2.372	3.690		-.643	.522
Brand Image	.381	.080	.438	4.740	.000
Investment with Government Capital Assistance	1.143	1.648	.055	.693	.490
Charity Routine	6.561	1.750	.332	3.750	.000

Source: Processed Data in SPSS 21, 2019

Based on the analysis result, the multiple linier regression model can be reported as follows:

$$\hat{Y} = -2.372 + 0.381X_1 + 1.143X_2 + 6.561X_3 + e$$

Based on the result, it may interpret that the constant value is negative which indicates how important the three factors improve sales volume since, without them, the sales may decrease. Meanwhile, for the regression coefficient, it finds that all of them are in positive value. It results in that brand image of SME products, investment through government capital assistance and charity affect positively on the increasing sales volume.

2. Determinant Coefficient

Determinant Coefficient Value is a value which ranges from 0%-100%. The value of determinant coefficient (R^2) in research can be seen in the following table 4.21:

Table 2: Determinant Coefficient

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.702[a]	.493	.477	6.64527

Source: Processed Data in SPSS 21, 2019

Based on the result analysis of the determinant coefficient, the value of Adjusted R2 or determinant coefficient value is as much as 0.477. This value indicates that 47.7% of the variables belong to a brand image of SME product, investments through government capital assistance and charity. Meanwhile, the value of 52.3% indicates the other variables which are not studied such as product quality factor, product price, promotion, and location.

3. Simultaneous Testing

Simultaneous testing is carried out to determine the effect together between independent variables (internal factors and external factors) to the dependent variable (increase in sales volume). The results of simultaneous testing in this study can be examined in Table 3 below:

Table 3: Simultaneous Testing Results

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	3992.159	3	1330.720	30.134	.000[b]
1	Residual	4106.845	93	44.160		
	Total	8099.004	96			

Source: Processed Data in SPSS 21, 2019

From Table 3, the value of $F_{caclucation}$ is as much as 30,134. Meanwhile, the value of F_{table} is significant in the level of 5% and df1 as much as k = 3, df2 value as much N-k-1=97-2-1=94 and 2,701. If both values of F are compared, the value of $F_{caclucation}$ will be bigger than F_{table}. Therefore, the brand image of SME products, investment through government capital assistance, and charity routine simultaneously give an impact on the improvement of sales volume of SME processed food in Gorontalo regency. It indicates that the three factors may be determinants of sales volume increase. According to Swasta (2012: 305), sales activity is much influenced by factors that can increase business income. Therefore, the sales manager must pay attention to factors that influence products such as brand image, capital as investments from government or other parties, and charity which can provide inner satisfaction which will receive help from Allah SWT.

Therefore, in increasing sales volume it is necessary to make positive efforts towards sales volume. According to Kolter and Keller (2012: 519), there are several attempts to increase sales volume, including selling the product in such a way that consumers see it, place it and arrange it regularly. Besides, the product will attract the attention of consumers, conduct a market analysis, determine potential buyers or potential customers, hold exhibitions and hold discounts or discounts that can also be done by giving a small sale as a charity.

4. Partial Test

After providing regression similarity model, it must test the hypothesis. The hypothesis test is assisted by SPSS 21 program as describe in Table 4:

Table 4: Partial Test Results

Model	t-calculation	P-value	t_Tabel	Information
Product Brand Image	4.740	0.000	1,986	Positive and Significant
Investment through Government Capital Assistance	0.693	0.490	1,986	Positive but Not Significant

Charity Routine	3.750	0.000	1,986	**Positive and Significant**

Source: Processed Data in SPSS 21, 2019

The impact of each free variable (brand image of SME products, investment through government capital assistance, and a charity) towards bound variables is the increasing sales volume of SME processed food in Gorontalo Regency as follows:

a. The Impact of Brand Image of SME Products towards Sales Volume improvement for SME processed food in Gorontalo Regency

The result analysis indicates that the value of t-$_{calculation}$ for brand image variable as much as 4.740, yet the value of t-$_{table}$ is significantly as much as 5% and free level n-k-1 or 9702-1 = 94 as much as 1.986. If both values of t are compared to the value of t $_{calculation}$ bigger than the value of t-$_{table}$ (4.740>1.986). It concludes that the trust level as much as 95% of the brand image of products will positively and significantly influence on the increasing sales volume. The meaning of a positive coefficient indicates that brand image will give an effect on the increasing sales volume.

Based on these results, a business actor needs to develop the brand image of his company, including by SME in Gorontalo Regency. The formation of a positive image of a positive brand there are criteria for a good brand and brand attributes. Good criteria such as being easy to say, easy to remember, easy to recognize, interesting, displaying the benefits of the product, highlighting the product's appearance compared to competitors. While brand attributes include quality, advantages that other brands do not have, appropriate prices, availability and ease of obtaining the brand's products. Consumers who have a high interest in a brand will continue to repurchase the brand, it is not easy to be tempted by promotions from competitors and the willingness to recommend the brand to others.

Brand image can be considered as a type of association that arises in the minds of consumers when remembering a particular brand. This association can be conceptualized based on type, support, excellence, strength, and uniqueness. Building a positive brand image can be achieved with a strong marketing program for the product, which is unique and has advantages that are highlighted, which distinguishes it from other products. A good combination of supporting elements (as previously explained) can create a strong brand image for consumers (Randi, 2016: 4)

b. The Impact of Investment through Government Capital Assistance to Improve Processed Food Sales from SME in Gorontalo Regency

The analysis result describes that t $_{calculation}$ for investment variables of government capital assistance as much as 0.693; meanwhile, the value of t $_{table}$ on the significant level as much as 5% and the free level as much as n-k-1 or 97-2-1= 94 or as much as 1.986. If both values of t are compared, the value of t $_{calculation}$ will be smaller than the value of the t $_{table}$ (0.693<1.986). It concludes that the level of trust is as much as 95% of investment through government capital assistance positively gives effect to the processed food by SME in Gorontalo Regency. It means that a positive coefficient indicates that the better the impact of investment through government capital assistance the more optimal the result.

The existence of investment through capital from the government will certainly be an additional capital for business players which will then be used as working capital in the operation of SME. It is as according to Sriwati (2011), every fund used in a company is intended to generate sales/income. A successful business requires a sufficient amount of working capital. However, in general, successful companies are companies that provide more working capital. By having more than enough working capital, managers can concentrate to collect greater results (money). More working capital may be enough to reduce risks yet increase sales. It was also stated by Widyamukti and Wibowo (2018) that working capital in the form of cash, easily cashed securities, trade receivables, to finance operational activities is expected to be re-entered into the company in a short period of time. Therefore, the subsequent funds can be used again for operations. Large working capital reflects that a company's business activities have increased as seen from the increase in sales obtained. In addition, sales volume can affect company profits. The higher the sales volume, the higher the profit earned by the company. Thus, the government investment which will be used as working capital by SME will increase the volume of sales.

c. The Impact of a Charity Routine towards the Increasing Sales Volume for Processed Food by SME in Gorontalo Regency

The result analysis indicates that the value of $t\text{-}_{calculation}$ of a variable in a charity as much as 3.750 but the value of $t\text{-}_{table}$ on the significant level as much as 5% and the free level as much as n-k-1 or 97-2-1 = 94 or as much as 1.986. If both t values are compared to $t\text{-}_{calculation}$, they have bigger value than $t\text{-}_{table}$ (3.750>1.986). It concludes that the trust level is as much as 95%. The charity routine has a positive and significant impact on the increasing number of sales volumes in processed food by SME in Gorontalo Regency. The meaning of a positive coefficient indicates that if they do a charity more regularly, they will experience better growth.

The importance of charity is also stated by Mardiana and Lihawa (2018). They stated that a charity is one of instrumental values which strategically influence the behavior of human's and community's economy and also for economic development. Its purposes are not only help the poor people but also permanently alleviate poverty. A charity will also make the business develop.

A charity given to *mustahiq* will play a role in supporting their economic improvement if consumed in productive activities. Utilization of productive charities actually has a concept of careful planning and implementation such as assessing the causes of poverty, lack of working capital, and lack of employment. Due to these problems, there is a need for planning that can develop productive charities. Its development is productive by making funds as business capital, to empower the recipient's economy, and so that the poor can run or finance their lives consistently. With the charity funds, the poor will get a steady income, and the SME actors can increase their business, develop their business and can set aside their income to save (Sartika, 2008: 77). Therefore, the existence of charity will make those who are less able to be fulfilled properly, then with a variety of good management will provide benefits and blessings for the charity giver. In the long term, the charity funds provided by SME for production will return to the SME used to buy the product when the recipient of charity is productive.

CONCLUSIONS

Based on the research results and discussions, it concludes that:
1. A brand image of products, investment through government capital assistance, and charity simultaneously have a significant impact on raising the sales volume in processed food in Gorontalo Regency with the determinant value as much as 47.7%. Meanwhile, 52.3% is indicated from product quality factor, product price, product quality, promotion, and location.
2. The results in a partial test as follows
a. Brand image has a positive and significant effect on the sales volume improvement of SME processed food products in Gorontalo Regency. The meaning of a positive coefficient shows that the brand image has a good impact on increasing the sales volume of SMI food processed products in Gorontalo Regency.
b. Investment through government capital assistance has a positive but not significant effect on the increase in the sales volume of SME processed food products in Gorontalo Regency. The meaning of the positive coefficient shows that the better the impact of investment through government capital assistance, the increase in the sales volume of SME in processed food products in Gorontalo District will be more optimal.
c. Charity routine has positive and significant impact on the increase in the sales volume of SME food processed products in Gorontalo Regency. The meaning of the positive coefficient shows that the more regular zakat giving by SME, the sales volume of SME in processed food products in Gorontalo Regency will experience better growth.

Suggestions

Based on the research results and conclusions, this research suggests that:
1. It is important for Gorontalo Regency Government to conduct assistance for SME owners to manage the government capital assistance properly. Therefore, it is also essential to join partnership with other institutions such as Bank Indonesia for the sake of financial literacy and capacity building for SME. It should maximize empowerment, education, and training for SME owners to be more competent in product innovation.
2. For SME owners, it is important to pay attention to maintain brand image of products, to keep the taste quality, to secure the consumption of processed food as well as the various processed food products. It is also important to have charity activity as a routine in the form of products or money. It is practical that SME can be considered as CSR which give benefits.

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