

Analysis of Small Traders' Business Development in Dili City as An Effort To Increase Income

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Abstract.

Small Traders are business actors who conduct trade in goods and/or services using movable and immovable business facilities, using infrastructure in the city of Dili, social facilities, public facilities, land and buildings owned by the government and/or private sector which are temporary or non-permanent. Dili City is the capital city of Timor Leste which in addition to being the capital city of the country is also the largest city in RDTL in terms of economic activity, population, government and so on. The problems faced by small traders in the city of Dili are the first marketing problem caused by the lack of buyers coming because many people in the city of Dili do not know the location of the traders, causing the location of the traders to be quiet and having an impact on their income levels. Second, the problem of working hours is caused by the lack of long working hours causing the income level to be less than optimal. Third, the price problem is caused by a lack of interaction between fellow traders so that the prices set are different from other traders, causing consumers to prefer relatively cheaper prices so that the income level of traders is less than optimal. Data collected through primary data, primary data obtained from the results of direct observation and interviews with consumers as respondents. The data analysis technique taken by the author is descriptive analysis and inferential analysis using the Structural Equation Model or SEM with the alternative Path Partial Least Square or Path PLS. From the results of the hypothesis test, it can be concluded that the location of selling on income has a positive and significant effect on income. If the location is closer to public facilities and environmental security and comfort, the income will be even better. The length of selling on income has a positive and significant effect on income. If the length of selling is getting better, it can optimize income. Price on income has a positive and significant effect on income. If the price set is appropriate, the income will be even better.

Keywords: price, length of selling, location of traders and income

Introduction

Dili is the capital city of the Republic of Democratic Timor Lorosae. This city includes several subdistricts, which are spread within the city of Dili and its surroundings. Dili, apart from being the capital city, is also the largest city in Timor Leste in terms of economic activity, population, government and so on. Most of the people speak Tetun. Dili is a multi-ethnic city from the Timorese tribe as well as a small number of Chinese and immigrants from several other ethnic groups. But despite the diversity of ethnic groups, the people of Dili remain harmonious in living their social lives. Based on data obtained from the initial survey, data was obtained for small traders as presented in the following table.

Table 1 Small trader business data

No	Type of bussines	2022	2023	2024
1	Rice Wrap	10	10	10
2	Meatballs	10	10	10
3	Coconut ice	1	2	2
4	Grilled Corn	2	3	4

5	Grilled Salome	3	4	4
6	Coffee Shop	4	5	5
	Total Number			35

Street vendors in Dili city have an average daily profit of 40%. In the author's interview with Mrs. Zuhaida, one of the street vendors of Indonesian descent (Javanese ethnicity) who sells meatballs, she said that she sells 120-150 bowls per day with a selling price of meatballs per bowl of \$ 1.5 and a gross profit of \$ 100 so that she gets a daily turnover of \$ 200, in the effort to sell meatballs, she has a sales permit with a monthly tax of \$ 100 and a daily levy of \$ 40 for the trading place. One of the obstacles faced is the decline in income due to the lack of buyers shopping. This is because many traders who open businesses around the streets of Dili city or in remote areas of the city already exist because they will buy which is not far from their place of sale. The problems faced by street vendors in Dili city are the first marketing problem caused by the lack of buyers coming because many people do not know the location of the traders, causing the traders to be quiet and having an impact on the decline in income obtained. Second, the problem of working hours is caused by the lack of long working hours causing the income level to be less than optimal. Third, the price problem is caused by the lack of interaction between fellow traders so that the prices set are different from other traders, causing consumers to choose relatively cheaper prices so that the income level of traders is less than optimal. This study aims to determine the influence of location, length of sales, and price partially and simultaneously on the income level of small traders in Dili City.

Methods

The study was conducted on street vendors who trade in Dili city and is a type of quantitative research. The data used is primary data by distributing questionnaires to respondents totaling 35 traders consisting of 10 rice traders, 10 meatball traders, 2 young coconut ice traders, 4 grilled corn traders, 4 grilled satay traders and 5 coffee shop traders. The analysis tool used is quantitative analysis which is carried out using structural equations (Structural Equation Model or SEM) with the alternative Path Partial Least Square or Path PLS (Component Based SEM).

Discussion

Validity Test

Discriminant validity of the measurement model with reflective indicators (factors) is assessed based on the cross loading of measurements with constructs. If the correlation of the construct with the measurement item is greater than the size of other constructs, then this indicates that the latent construct predicts the size of their block better than the size of other blocks. This can be seen from the correlation value of the indicator to its construct (loading factor) which is higher than the correlation value of the indicator with other constructs.

Table 2 Cross Loadings of each research variable indicator

Variable	Location	Selling for a long time	Price	Income
X1.1	0,895	0,434	0,508	0,750
X1.2	0,851	0,195	0,372	0,446
X1.3	0,700	0,084	0,426	0,297
X2.1	0,114	0,740	0,253	0,319
X2.2	0,173	0,714	0,086	0,264
X2.3	0,389	0,898	0,327	0,637
X3.1	0,573	0,271	0,862	0,597
X3.2	0,237	0,156	0,780	0,474
X3.3	0,441	0,326	0,814	0,429
Y.1	0,553	0,670	0,461	0,821
Y.2	0,467	0,198	0,360	0,739
Y.3	0,628	0,436	0,618	0,803
Y.4	0,352	0,401	0,457	0,759

Source: Data processing results using PartialLeast Square (PLS) with the Smart PLS 3.0 program.

Reliability Test

According to Ghozali (2008:40) states that the reliability of a construct can be assessed from the composite reliability which functions to measure internal consistency whose value must be above 0.60 and compare the root of AVE with the correlation between constructs with a value must be above 0.50. The reliability of a construct shows the consistency of the measurement results of a concept or a variable (Cooper and Schindler, 2006). Reliability can be known by evaluating the Cronbach's Alpha and Composite Reliability values. Cronbach's Alpha measures the lower limit of the reliability value of a construct, while Composite Reliability measures the actual value of the reliability of a construct. Cronbach alpha, Composite reliability, and Average Variance Extracted (AVE), The results of the reliability test and the average variation extracted on each variable can be described in the following table 3.

Table 3 Cronbach's Alpha and Composite Reliability Values, Average Variance Extracted.

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted
Price	0,761	0,801	0,859	0,671
Selling for a long time	0,725	0,910	0,830	0,621
Income	0,792	0,815	0,862	0,610
Location	0,761	0,850	0,859	0,672

Source: Data processing results using PartialLeast Square (PLS) with the Smart PLS 3.0 program.

Table 3 shows that the composite reliability value of all constructs is above 0.60, so it meets the reliable criteria. Another way to test reliability is to compare the root value of the Average Variance Extracted (AVE) of each construct with the correlation between the construct and other constructs. The results of the composite reliability test where each variable has a composite reliability value greater than 0.6 can be concluded that all variables meet the composite reliability requirements. The results of the Average Variance Extracted (AVE) test obtained each variable has an AVE value > 0.5, so it meets the Average Variance Extracted. Based on the data in the table, the outer loading of all indicators is above 0.7 so that the convergent validity is getting higher.

Table 4 Root Square Average Variance Extracted and Correlation Between Constructs

Variable	Price	Selling for a long time	Income	Location
Price	0,819			
Selling for a lng time	0,313	0,788		
Income	0,620	0,579	0,781	
Location	0,537	0,331	0,656	0,820

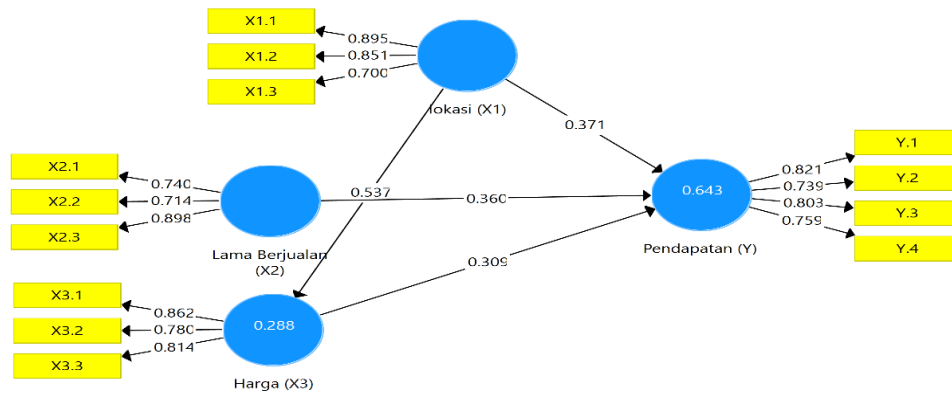
Source: Data processing results using PartialLeast Square (PLS) with the program Smart PLS 3.0.

Table 4 shows that the AVE root of each construct is much greater than the correlation value of the construct with other constructs so that it can be said that the data is reliable.

Structural Equation Model

The results of the research analysis can be seen through the output of Smart PLS 3.0 which produces a structural equation model.

Figure 1 Structural Equation Model



The results of the evaluation of the structural equation model of the study using convergent validity in the structural model with loading factors, namely the outer loadings PLS Alghoritm. The relationship between research variables can also be seen in the path diagram of the research variables as presented in Figure 4.2. Based on the figure, it can be explained that the relationship between location and income is 0.371. Furthermore, the relationship between the length of time selling and income is 0.360 and the relationship between price and income is 0.309 and the relationship between location and price is 0.537.

Evaluation of the Measurement Model (Outer Model)

outer loading factor criteria with a value of > 0.7 . to measure this research variable, and from the results of the outer loading the following data is obtained:

Table 5 Outer Loading Results

Variable	Location (X1)	Selling for a long time (X2)	Price (X3)	Income (Y)
X1.1	0,895			
X1.2	0,851			
X1.3	0,700			
X2.1		0,740		
X2.2		0,714		
X2.3		0,898		
X3.1			0,862	
X3.2			0,780	
X3.3			0,814	
Y.1				0,821
Y.2				0,739
Y.3				0,803
Y.4				0,759

Source: Data processing results using PartialLeast Square (PLS) with the program Smart PLS 3.0.

Structural Model Testing (Inner Model)

The inner model test is to determine whether the structural model fits the research, here are the results of the inner model test.

Determination Coefficient (R2)

Table 6 Structural inner model testing

Variable	R Square	R Square Adjusted		Description
Price (X3)	0,288	0,267		Strong
Income (Y)	0,643	0,609		Very strong

Source: Data processing results using PartialLeast Square (PLS) with the program Smart PLS 3.0.

R2 shows the price variable of 0.288, which means that the price variable can be explained by the variables that influence it, namely location of 0.288 or 28.8 percent, the remaining 71.2 percent is influenced by other variables. R2 shows the income variable of 0.643, which means that the income variable can be explained by the location variable, length of sale and price against income of 0.643 or 64.3 percent, the remaining 35.7 percent is influenced by other variables.

Q-Square Predictive Relevance (Q2)

The influence of the research variables, namely income of 0.362 and price of 0.150, where a value of more than 0 (zero) is obtained in the good category, meaning that the observed values have been reconstructed well with predictive relevance. Based on the R-Square value, the Q2 value can be calculated using the following formula:

$$Q^2 = 1 - \{(1 - R^2) (1 - R^2)\}$$

$$Q^2 = 1 - \{(1 - 0,288) (1 - 0,643)\}$$

$$Q^2 = 1 - 0,254$$

$$Q^2 = 0,746$$

The Q2 value = 0.746 indicates that the model is very good because it can explain the influence of location, length of selling and price on income levels in Dili City. The amount of income level of 74 percent can be explained by the latent variables of empowerment, location, length of selling, price and income level while the remaining 26 percent is explained by other variables outside the model.

Direct Effect Testing

The significance of the estimated parameters provides very useful information to determine the relationship between variables in this study. Hypothesis testing is done by looking at the probability value and its t-statistic. For the probability value, the p-value with α of 5% is <0.05 . The t-table value for α 5% is 1.960 So the criterion for accepting the hypothesis is when the t-statistic value $>$ t-table. Hypothesis testing using the Smart PLS 3.0 method is done by carrying out the bootstrapping process, so that the relationship between the influence of exogenous variables on endogenous variables is obtained as follows.

Table 7 Direct Effect Bootstrapping Results

Direct relationship	Original Sample	Sample Mean	Standard Deviation	T Statistics (O/STDEV)	P Values	Description
Price (X3) -> Income (Y)	0,309	0,334	0,096	3,209	0,003	Significant
Selling for a long time (X2) -> Income (Y)	0,360	0,371	0,092	3,918	0,000	Significant
Location (X1) -> Price(X3)	0,537	0,550	0,156	3,450	0,001	Significant
Location (X1) -> Income(Y)	0,371	0,364	0,105	3,547	0,001	Significant

Source: Data processing results using PartialLeast Square (PLS) with the program Smart PLS 3.0.

Based on the output results in table 6, it is known that the hypothesis test for the structural equation is shown as follows:

1. Location to income

The t-statistic value for the sales location to the original sample value of 0.371 is positive and the calculated t is $3.547 >$ t-table (1.960) and the p-value is $0.001 < 0.05$ and the original sample value is positive. Thus, the hypothesis in this study is accepted. This means that the sales location to income has a positive and significant effect on income. If the location is closer to public facilities and environmental security and comfort, the income will be even better, making it easier for consumers to access to buy and maintain the chaos and comfort of the surrounding environment. Choosing a strategic and appropriate business location greatly determines the success of a business in the future according to Swastha (2000).

2. Duration of selling to income

The t-statistic value for duration of selling to income of the original sample value of 0.360 is positive and the calculated t is $3.918 >$ t-table (1.960) and the p-value is $0.000 < 0.05$ and the original sample

value is positive. Thus, the hypothesis in this study is accepted. This means that duration of selling to income has a positive and significant effect on income. If the duration of selling is better, it can optimize income. Mantra (2003:225) also argues that working hours are a period of time expressed in hours used for work.

3. Price to income

The t-statistic value for price to income, the original sample value of 0.309 is positive and the calculated t is $3.209 > t\text{-table (1.960)}$ and the p-value is $0.003 < 0.05$ and the original sample value is positive. Thus, the Hypothesis in this study is accepted. This means that price to income has a positive and significant effect on income. If the price is set appropriately, the income will be even better. According to Swastha, price is the amount of money (plus several products if possible) needed to obtain a number of combinations of products and services

4. Location to price

The t-statistic value for location to price, the original sample value of 0.537 is positive and the calculated t is $3.450 > t\text{-table (1.960)}$ and the p-value is $0.001 < 0.05$ and the original sample value is positive. Thus, the Hypothesis in this study is accepted. This means that location has a positive and significant effect on price.

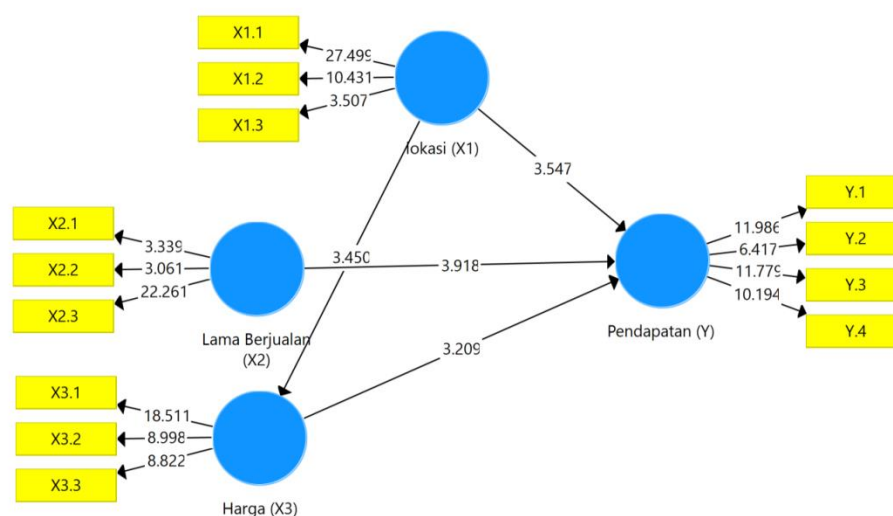
Table 7 Mediating variables influence the independent variable on the dependent variable.

Variable	Original Sample (	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Location (X1) -> Price (X3) -> Income (Y)	0,166	0,184	0,076	2,177	0,036

Source: Data processing results using PartialLeast Square (PLS) with the program Smart PLS 3.0.

Based on the output results in table 7, it is known that the hypothesis test to determine the mediating variable can mediate the independent variable against the dependent, namely location on income disseminated by price, location on income disseminated by price with an original sample value of 0.166 is positive and t count of $2.177 > t\text{-table (1.960)}$ and p-value $0.036 < 0.05$ and the original sample value is positive. Thus, the hypothesis in this study is accepted. This means that location on income with price as a mediating variable is accepted, meaning that price mediates the influence of location on income.

Figure 3 Bootstrapping Results



Thus, the results of Bootstrapping have been proven as follows: Greater income is influenced by the length of sales with a coefficient value of 3.918 because the length of sales means that you already have regular customers and a different taste so that it can increase income. Income with location gets a coefficient value of 3.547 because the location is close to public facilities and the security and comfort of the environment are

guaranteed so that it can increase income. Income with price gets a coefficient value of 3.209 because the price is in accordance with the quality of the food, so the price can provide satisfaction to consumers so that it can increase income. Location with price produces a coefficient value of 3.450 because the location that guarantees the security and comfort of buyers will get a price that is in accordance with the quality of the food so that it can increase income.

Conclusion

Based on the results of the research and discussion in the previous chapter, it can be concluded that the location of sales on income has a positive and significant effect on income. If the location is closer to public facilities and environmental security and comfort, the income will be better. The length of sales on income has a positive and significant effect on income. If the length of sales is better, it can optimize income. Price on income has a positive and significant effect on income. If the price set is appropriate, the income will be better.

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