



The Effect of Empowerment on The Welfare of Women Micro Business Actors Through Performance in Kutai Kartanegara District

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Abstract

Micro, Small and Medium Enterprises (MSMEs) play a vital role in the economy, especially in developing countries like Indonesia. Although MSMEs in Kutai Kartanegara Regency are experiencing significant growth, their welfare level is still low. This study aims to explore the effect of empowerment on the welfare of women MSME players, with MSME performance as an intervening variable, to understand the factors that influence their welfare in the region. The study uses a quantitative approach, using primary data and secondary data. Primary data in this study refers to information obtained directly from respondents or from sources relevant to the research focus. Meanwhile, secondary data was obtained from various literatures, both published and unpublished, as well as from related articles or reports. This study used a non-probability sampling technique, where the sample was purposively selected with a sample size of 122 Micro Business Actors in the Kutai Kartanegara region. This study, the analytical tool used was the SmartPLS version 3.2.9 application. The data analysis process involves three stages: measurement model (outer model), structural model (inner model), and hypothesis testing through the Bootstrapping method. The results of this study show that empowerment (X) has a positive and significant influence on performance (Z), performance (Z) has a positive and significant effect on welfare (Y), empowerment (X) has a positive and significant effect on welfare (Y), empowerment (X) has a positive and significant effect on welfare (Y) through Performance (Z).

Introduction

Micro, Small and Medium Enterprises (MSMEs) have a strategic strength in supporting economic growth and development, both in developing and developed countries, in developing countries, MSMEs are the backbone of the economy with significant contributions to employment and Gross Domestic Product (GDP) growth. MSMEs not only absorb the largest workforce and create employment opportunities, but also act as the main pillar in improving overall community welfare. Indonesia MSMEs play a central role in the national economy, with undeniable contributions to employment, national GDP, export value, and strengthening domestic investment (Faraz, 2013).

During the 1998 economic crisis, MSMEs became the main pillar of the country's economy, showing strong resilience amidst the extinction of large companies (Aharkov, 2022). Although businesses in Kutai Kartanegara Regency are still showing significant improvement, they face challenges related to income, education, health, and security that do not meet the expected standards. Low incomes hamper the fulfillment of basic needs and business development, while lack of access to education and training limits knowledge and skills. Health issues also impact

work productivity, indicating that many business owners are still not prosperous (Milica & Milica, 2020).

As an effort to improve the welfare of business actors, sustainable empowerment is essential. Enterprise empowerment is a key factor in improving their welfare (Irawan et al., 2023). Empowerment involves efforts to increase the capacity and capability of entrepreneurs through better access to financial resources, skills training, business mentorship, and support in building networks and markets. Empowerment should also include important factors such as information, psychology, social, economic, political, and cultural (Gigler, 2015; Scheyvens & Van Der Watt, 2021). Relevant information enables better decisions, psychological support helps build confidence, social aspects strengthen networks, while economic support provides access to financial resources. Political and cultural factors also play a role in creating a supportive environment for businesses (Bullough et al., 2022; Möller et al., 2020).

Overall, enterprise empowerment is a long-term investment that provides sustainable benefits, by facilitating the creation of employment opportunities, more diverse innovation, and stronger economic stability. This benefits not only individual businesses but also society as a whole, creating an inclusive and sustainable economic environment. Business performance, which reflects work outcomes based on skills, experience and dedication (Nasution, 2016), is a key factor in determining the well-being of MSME actors. Good performance increases stable incomes, enabling MSME actors to fulfill basic needs such as food, shelter and education, and set aside savings for the future. In addition, good performance enables investment in equipment, technology, and training, leading to increased sales and profits, as evidenced by research by (Riniati et al., 2023) which shows that the performance of women MSMEs has a positive and significant effect on their welfare.

Good business performance significantly improves the quality of life of MSME operators and their families, enabling them to enjoy a more prosperous life, access to better healthcare, and higher education for their children (Agyapong, 2010). Successful businesses also contribute positively to their surrounding communities by creating jobs, empowering local people and supporting regional economic development. Good business performance makes MSMEs more economically independent, reduces dependency on external assistance, and enables them to rely on their own efforts to make ends meet. Therefore, it is very important for MSME players to continuously develop management capabilities, improve product and service quality, and take advantage of market opportunities to achieve long-term success. Research by (Ispreidi Maha et al., 2023) supports this statement, showing that MSME performance has a significant effect on the welfare of business actors.

Base on research conducted by Arifin & Hidayat (2023), it shows that empowerment has a positive and significant effect on the performance of MSMEs, with creativity acting as a significant mediator, while commitment does not act as a mediator (Rahmadani et al., 2019). Revealed that aspects such as funding, facilities and infrastructure, business information, and partnerships contribute to community economic development. The findings of (Hadi et al., 2023) confirmed that although empowerment has a moderate effect on MSME welfare, MSME performance has a strong and significant influence on welfare, with a contribution of 31.014% of the variance in Banda Aceh. This study highlights the importance of empowerment and improving MSME performance for the welfare of MSME actors (Alansori & Listyaningsih, 2022; Etni et al., 2017). Show that MSME performance has a positive impact on welfare and economic growth (Wattiheluw, 2019). Emphasizes that empowerment has a significant positive effect on MSME performance (Sari, 2021). Highlights that empowerment, length of management, and income have a significant effect on MSME performance, with income as the

dominant variable (Ispreidi Maha et al., 2023). Found a significant relationship between MSME empowerment, MSME performance, and the welfare of MSME actors. Finally, (Riniati et al, 2023) showed that empowerment and MSME performance partially affect the welfare of women MSME players in Jember Regency, with significant effects of both variables simultaneously.

Based on the explanation of previous research and the absence of research on the welfare of micro business actors in Kutai Kartanegara Regency, so the authors want to understand more about the welfare of business actors so that this research raises the title “The Effect of Empowerment on the Welfare of Women Micro Business Actors with Micro Business Performance as an Intervening Variable (Case Study of Micro Business Actors in Kutai Kartanegara Regency)”.

Methods

The population that became the subject of the study were women business owners in Kutai Kartanegara Regency, an area rich in economic potential with various types of industries and business sectors. This district is located in the eastern part of Kalimantan Island, Indonesia, which is an area that has historically played a strategic role in national economic growth. The population of women business owners in Kutai Kartanegara Regency is 68,413. This research uses a non-probability sampling technique, where the sample is selected purposively (purposive sampling), Based on this method, this study used a total of 122 female micro enterprise respondents (diskopukm.kukarkab.go.id).

Data collection techniques are methods that can be used by researchers to develop and evaluate the success of a study, one of the techniques used for data collection is the questionnaire model. In line with statement Sugiyono's (2021), a questionnaire is an instrument that contains a collection of questions or written statements addressed to respondents who are research samples, thus the questionnaire can be a forum for systematically collecting data from respondents in order to obtain the necessary information related to the research (Newman et al., 2021).

The measurement scale used in this study is a Likert scale, the questionnaire will be evaluated using a 1-5 Likert scale, with the following options: 1) Strongly Disagree, 2) Disagree, 3) Neutral, 4) Agree, and 5) Strongly Agree (Awang et al., 2016).

Data analysis was used in this study with the Partial Least Square (PLS) approach in SmartPLS software version 3.2.9. This analytical tool aims to estimate regression models with partial least squares or known as projections on latent structures, as a PLS predictive technique is an alternative to ordinary least squares regression (OLS) or structural equation modeling (SEM). PLS is useful when there is a relationship or high correlation between multiple independent variables/predictors or when the number of predictors exceeds the number of cases (Stocchero, 2020). The PLS technique integrates features from principal component analysis (PCA) and multiple regression. The procedure of using PLS is done in two stages. First, by deriving a set of latent factors that explain as much covariance as possible between the independent and dependent variables. Second, predict the value of the dependent variable by using the decomposition of the independent variables (Sarwono, 2013). The rationale for choosing the Partial Least Squares (PLS) method over other methods such as covariance-based Structural Equation Modeling (SEM) provides additional insight into how this method best fits the challenges and objectives of the study. PLS was chosen for its ability to handle models with many correlated independent variables and relatively small sample sizes, which are the main characteristics of this study (Stocchero, 2020). The other hand, covariance-based SEM is more

suitable for models with larger sample sizes and more stringent normal distribution assumptions. The comparison between these two methods shows why PLS is more effective in uncovering complex relationships between variables and provides in-depth reasons for the suitability of PLS in achieving the desired results in the context of this study.

Result and Discussion

Overview of Micro Businesses in Kutai Kartanegara Regency

Kutai Kartanegara Regency, part of East Kalimantan Province, was formed from Kutai Regency in 1999 through Law No. 47 of 1999. With the capital city in Tenggarong District, the regency has a land area of 26,326 km² and a sea area of 2,220.37 km². In 2020, the population reached 729,382, making it a demographically diverse region with various economic potentials (Centropolis, 2022).

Micro-enterprises in Kutai Kartanegara, consisting of individuals or small groups with limited capital, operate in a wide and diverse regional context. They typically operate businesses in the small trade, service and small industry sectors, such as warung, kiosks and local services. Limited capital and resources often limit their ability for market expansion or adaptation. This study aims to explore how empowerment can affect the performance and welfare of micro-enterprises, as well as provide insights to formulate policies and programs that support the growth of micro-enterprises and their contribution to the local economy.

Profile Respondent

The informants in this study were 122 women micro-entrepreneurs operating in the Kutai Kartanegara Regency. They run various types of micro-enterprises that include small traders, craftsmen, and service businesses, reflecting the diversity of the local economy in the area. Most of them are sole proprietors, although some operate in partnerships or families. Their businesses have varying lengths of operation, from a few months to more than a decade. These micro enterprises are generally small in size with a limited number of employees and a relatively low annual turnover in line with the definition of a micro enterprise. Business capital is mostly obtained from personal sources or family support, although some make use of loans from local financial institutions or government programs. Their businesses are spread across various sub-districts, both urban and rural, indicating a dispersion of businesses within the Kutai Kartanegara Regency.

The number of informants based on their level of education can be seen in the table and figure below:

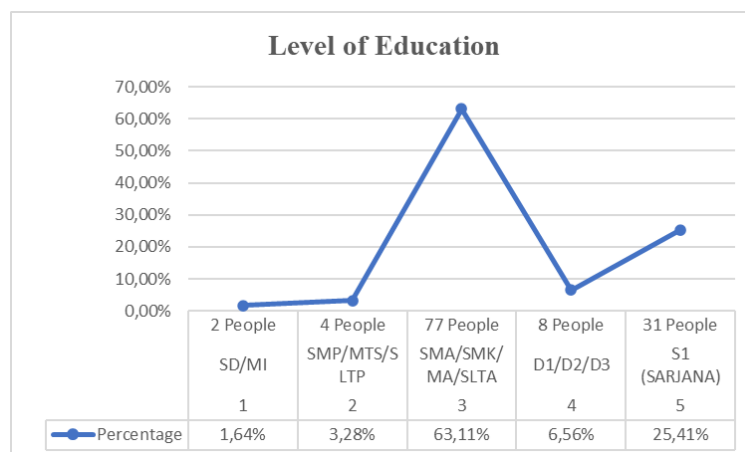


Figure 1. Respondents' Educational Answer

The table above illustrates the distribution of education levels of the 122 respondents with details of the number and percentage. Most of the respondents, 77 people or 63.11%, have a high school education level, making it the largest education group in this sample. This is followed by 31 people (25.41%) who have a Bachelor's degree. There were 8 people (6.56%) with a diploma, while 4 people (3.28%) had a junior high school education background, and 2 people (1.64%) had an elementary school education. This data shows that the majority of respondents had secondary to higher education, with relatively small proportions at the elementary and secondary education levels.

Description of Respondent's Answer

Description of Respondent's Answer Welfare Variables (Y)

Table 1 presents a data description of the answers from respondents in this study regarding the welfare variable. This table illustrates how respondents gave answers to questions relating to welfare, including the frequency distribution of the various responses given. Details of respondents' answers can be seen in the following table:

Table 1. Description of Respondent's Answer Welfare Variables (Y)

No	Statement	Answer					Average	Category
		STS	TS	CS	S	SS		
1	(Y.1)	1	2	15	84	20	4,0	Good
		0,82%	1, 64%	12,30%	68,85%	16,39%		
2	(Y.2)	0	2	7	64	49	4,3	Good
		0	2%	6%	52%	40%		
3	(Y.3)	1	1	16	80	24	4,0	Good
		0,82%	0,82%	13,11%	65,57%	19,67		
4		3	0	9	70	40	4,2	Good
		2,46%	0,00%	7,38%	57,38%	32,79%		
Total							4,1	Good

Source: Research results, 2024.

The table above shows respondents' responses to the welfare variable. Based on the processing results displayed in the table, the average total score for the welfare variable (Y) is 4.1. Referring to the interval category table, this value is included in the good category, so it can be concluded that respondents' responses regarding welfare are in the good category.

Description of Respondent's Answer Performance Variables (Z)

Table 2 presents a description of the data answers from respondents in this study regarding performance variables. This table describes how respondents gave answers to questions related to performance, including the frequency distribution of the various responses given. Details of respondents' answers can be seen in the following table:

Table 2. Description of Respondent's Answer Performance Variables (Z)

No	Statement	Answer					Average	Category
		STS	TS	CS	S	SS		
1	(Z.1)	2	3	17	50	50	4,2	Good
		1, 64%	2, 46%	13,93%	40,98%	40,98%		
2	(Z.2)	1	4	13	55	49	4,2	Good
		0,82%	3,28%	10,66%	45,08%	40,16%		
3	(Z.3)	3	4	15	63	37	4,0	Good
		2,46%	3,28%	12,30%	51,64%	30,33%		

4	(Z.4)	4	2	23	43	50	4,1	Good
		3,28%	1,64%	18,85%	35,25%	40,98%		
5	(Z.5)	4					3,9	
		3,28%	2,46%	18,03%	51,64%	24,59%		
Total							4,1	Good

Source: Research results, 2024.

The table above shows respondents' responses to the performance variable. Based on the processing results displayed in the table, the average total score for the performance variable (Z) is 4.1. Referring to the interval category table, this value is included in the good category, so it can be concluded that the respondents' responses regarding performance are in the good category.

Description of Respondent's Answer Empowerment Variable (X)

Table 3 presents a description of the data answers from respondents in this study regarding the empowerment variable. This table describes how respondents gave answers to questions related to performance, including the frequency distribution of the various responses given. Details of respondents' answers can be seen in the following table:

Table 3. Description of Respondent's Answer Empowerment Variable (X)

No	Statement	Answer					Average	Category
		STS	TS	CS	S	SS		
1	(X.1)	1	2	24	57	38	4,1	Good
		0,82%	1,64%	19,67%	46,72%	31,15%		
2	(X.2)	1	2	30	62	27	3,9	Good
		0,82%	1,64%	24,59%	50,82%	22,13%		
3	(X.3)	1	1	17	70	33	4,1	Good
		0,82%	0,82%	13,93%	57,38%	27,05%		
4	(X.4)	1	2	18	71	30	4,0	Good
		0,82%	1,64%	14,75%	58,29%	24,59%		
5	(X.5)	1	2	9	57	53	4,0	Good
		0,82%	2,46%	16,39%	54,92%	24,59%		
6	(X.6)	1	2	9	57	53	4,3	Good
		0,82%	1,64%	7,38%	46,72%	43,44%		
Total							4,1	Good

Source: Research results, 2024.

The table above shows respondents' responses to the empowerment variable. Based on the processing results displayed in the table, the average total score for the empowerment variable (X) is 4.1. Referring to the interval category table, this value is included in the good category, so it can be concluded that the respondents' responses regarding performance are in the good category.

Outer Model

The outer model analysis is a critical step in this research, serving to assess the validity and reliability of the indicators used to measure the research variables. While the results of this analysis provide important information, such as the loading values for the indicators, we need to dig deeper to understand how and why these indicators were selected and the implications of these decisions. The selection of these indicators was based on existing literature and discussions with practitioners in the field, who identified these factors as key elements of the

well-being, empowerment and performance variables. In line with the statement. Referring to the statement of Gigler (2015) which shows that the indicators on the empowerment variable consist of Information (X.1), Psychology (X.2), Social (X.3), Economic (X.4), Political (X.5), and Cultural (X.6), on the performance variable the indicators refer to the statement of Kore *et al.* (2018) which consists of : Performance variable (Z), high reliability indicates that measurements related to Sales growth (Z.1), Capital growth (Z.2), Labor addition (Z.3), Market growth (Z.4) and Profit growth (Z.5), on the welfare variable the indicators consist of income (Y.1), education (Y.2), health (Y.3) and security (Y.4) this is in line with the statement of Whithaker & Federico (2017). The results of testing the outer model can be seen in the following table:

Table 4. Outer Loading

	X	Y	Z
X.1	0,866		
X.2	0,839		
X.3	0,884		
X.4	0,898		
X.5	0,864		
X.6	0,759		
Y.1		0,746	
Y.2		0,858	
Y.3		0,887	
Y.4		0,849	
Z.1			0,805
Z.2			0,871
Z.3			0,869
Z.4			0,869
Z.5			0,756

Source: SmartPLS 3.2.9 Output, 2024

Based on the analysis results presented in the table, it can be concluded that all indicators meet the convergent validity criteria. The loading value of more than 0.60 indicates that the indicators meet the elements of convergent validity in accordance with testing standards. Meanwhile, the loading value of more than 0.50, in accordance with the recommendations of Ghozali & Latan (2015), is also considered to meet the requirements of convergent validity, thus all indicators on the variables in this study are declared valid based on convergent validity analysis.

Discriminant Validity

Table 5. Cross Loading

	X	Y	Z
X.1	0,866	0,480	0,353
X.2	0,839	0,346	0,250
X.3	0,884	0,478	0,375
X.4	0,898	0,456	0,346
X.5	0,864	0,486	0,270
X.6	0,759	0,444	0,213

Y.1	0,293	0,746	0,375
Y.2	0,420	0,858	0,492
Y.3	0,515	0,887	0,436
Y.4	0,512	0,849	0,402
Z.1	0,213	0,374	0,805
Z.2	0,257	0,442	0,871
Z.3	0,367	0,476	0,869
Z.4	0,281	0,446	0,869
Z.5	0,358	0,380	0,756

Source: SmartPLS 3.2.9 Output, 2024

Table 4 shows the cross-loading value of indicators for the variables used in this study. These variables include Empowerment (X), Performance (Z), and Welfare (Y). The Empowerment variable (X), the cross-loading value of the indicator is 0.866, 0.839, 0.884, 0.898, 0.864, 0.756. All of these values are higher than the cross-loading values of indicators on other latent variables in the same row, indicating that this research instrument is valid in terms of discriminant validity. The Welfare variable (Y), the indicator cross loading values are 0.746, 0.858, 0.887, 0.849 These values are also higher than the indicator cross loading values on other latent variables in the same row, thus indicating good discriminant validity for this research instrument. Finally, for the Performance variable (Z), the indicator cross loading values are 0.805, 0.871, 0.869, 0.8, 0.756. All of these values are greater than the cross-loading values of indicators on other latent variables in the same row, indicating that the instrument for this variable also meets the criteria for discriminant validity, thus based on the results of the cross-loading indicator analysis in the table, it can be concluded that all indicators for the variables studied are discriminantly valid.

Composite Reliability, Cronbach's Alpha dan Average Variance Extracted (AVE)

Table 6. Composite Reliability, Cronbach's Alpha dan Average Variance Extracted (AVE)

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
X	0,925	0,932	0,941	0,728
Y	0,857	0,872	0,903	0,700
Z	0,891	0,898	0,920	0,698

Source: SmartPLS 3.2.9 Output, 2024

The test results presented in Table 6 show that the Cronbach's Alpha values for all variables in this study exceed the 0.6 limit, signifying good internal consistency of the measurement instruments. In addition, the Composite Reliability value for all variables is also above 0.70, indicating high construct reliability. Thus, based on the results of these two reliability tests, it can be concluded that all latent variables in this study have a very good level of reliability, so that the research instruments used can be trusted to produce consistent and valid data.

High reliability indicates that the data obtained from the respondents-that is, the women entrepreneurs-shows consistency in their responses. Other words the data consistently describes their daily experiences, the challenges they face, and the achievements they have made in the context of their business. The Empowerment variable (X), high reliability values indicate that measurements of aspects such as Information (X.1), Psychology (X.2), Social (X.3), Economic (X.4), Political (X.5), and Cultural (X.6) related to empowerment, provide a

consistent picture of how empowerment affects the lives of women entrepreneurs. Terms of the Performance variable (Z), high reliability indicates that measurements related to Sales growth (Z.1), Capital growth (Z.2), Labor addition (Z.3), Market growth (Z.4) and Profit growth (Z.5) can be relied upon to describe the effectiveness of the empowerment program implemented. As for the Welfare variable (Y), the high reliability indicates that the measurements relating to income (Y.1), education (Y.2), health (Y.3) and security (Y.4) in reflecting changes in the quality of life of the women entrepreneurs.

Therefore, the results of this reliability test not only ensure the technical validity of the instruments used, but also provide confidence that the results obtained truly reflect the real experiences and changes experienced by women entrepreneurs in Kutai Kartanegara. Thus, high reliability in this study reflects the consistency and stability of data that is relevant to real-life contexts, and provides a deeper understanding of the impact of empowerment on the welfare of women entrepreneurs.

Inner Model

Inner model evaluation aims to measure and explain the relationship between variables in the research model through the R-square (R^2) value. R^2 shows how much variation in the dependent variable can be explained by the independent variables in the model. A high R^2 value indicates a good model in explaining data variation, while a low R^2 value indicates the opposite. The model structure and interactions between variables are described in detail in figure 2.

Table 7. R Square

	R Square	R Square Adjusted
Y	0,399	0,388
Z	0,129	0,122

Source: SmartPLS 3.2.9 Output, 2024

Testing the structural model is done by checking the R-square value, which is an indicator of the goodness of fit of the model. Based on table 5.4, the welfare variable shows an R-square value of 0.399. This means that 39.9% of the variation in the welfare variable can be explained by the variables used in this study. In contrast, 60.1% (100% - 39.9%) of the welfare variable is influenced by other variables not included in the study, in the context of women entrepreneurs in Kutai Kartanegara, there may be external factors such as government policies, market conditions, or local culture that are not covered by this model. The R-square value for the performance variable is 0.129, it indicates that only 12.9% of the variation in the variable can be explained by the variables included in the research model. The remaining 87.1% of the variation is influenced by other factors not analyzed in this study. External factors outside the research context that may affect the performance of micro merchants include; macroeconomic conditions, government policies and regulations, market competition, access to markets and distribution, as well as social and cultural conditions, and human resources.

Results of Hypothesis Test

The results of hypothesis testing using the bootstrapping method can be found below. This analysis will show the extent to which the tested variables influence each other in accordance with the proposed hypothesis, as well as provide an overview of the strength and significance of the relationship between variables in the research model. The test results through the bootstrapping method are as follows:

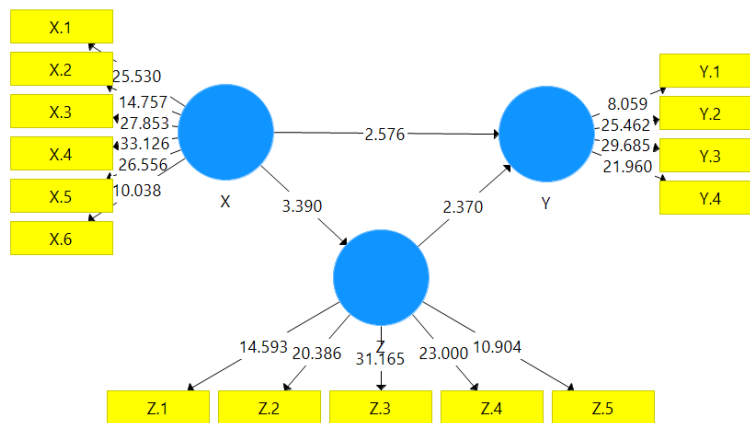


Figure 1. Path Coefficient Output, 2024

Table 8. Path Coefficient Output

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
X -> Y	0,398	0,415	0,154	2,576	0,005
X -> Z	0,359	0,371	0,106	3,390	0,000
Z -> Y	0,368	0,355	0,155	2,370	0,009

Source: SmartPLS Output, 2024

Table 8 show that empowerment has a positive and significant effect on microenterprise performance (P Value 0.359, T-statistic 3.390), which also has a positive impact on the welfare of women microenterprises (P Value 0.368, T-statistic 2.370). Empowerment also directly improves the welfare of women micro-entrepreneurs (P Value 0.398, T-statistic 2.576).

Testing the Hypothesis of the Role of Mediation (Indirect Effect)

Indirect effect hypothesis testing aims to evaluate how exogenous variables affect endogenous variables through intervening variables. This test is important to understand the role of intervening variables in the relationship between variables in the research model. The test criteria state that if the p-value ≤ 0.05 , the effect is considered statistically significant. The results of this test, summarized in the table, show whether the intervening variables significantly mediate the relationship between exogenous and endogenous variables.

Table 9. Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
X -> Z -> Y	0,132	0,130	0,070	1,884	0,030

Source: SmartPLS Output, 2024

Table 9 it can be seen from the original sample value of the empowerment variable on the welfare variable of women micro business actors through the performance of micro business actors is 0.132 with a significance below 5% as indicated by the t-statistic value of 1.884 (>1.96). The positive original sample estimate value indicates that the performance of micro business actors is able to mediate strongly indirectly and significantly the empowerment variable to the welfare of micro business actors.

Effect of Empowerment (X) on Performance (Z)

The output results from SmartPLS, the relationship between empowerment (X) and performance (Z) can be analyzed through the T-Statistics value which shows 3.390 exceeding the limit of 1.96, as well as the P-Value of 0.000, which is much smaller than 0.05, indicating a significant relationship. Meanwhile, determining the direction of the relationship, it can be seen from the original sample value which shows the number 0.359, which is positive, indicating a positive direction of the relationship. Thus, it can be concluded that empowerment (X) has a positive and significant influence on performance (Z). Therefore, the first hypothesis (H₁) formulated earlier is accepted. The findings also show that empowering micro merchants has a significant positive impact on their performance, and the implications of these results can be seen through various indicators of empowerment. First, access to relevant information helps micro merchants make better and more strategic decisions. Second, psychological empowerment boosts self-confidence and initiative, enabling micro merchants to better face challenges. Third, strong social networks support collaboration and resource exchange, expanding business opportunities. Fourth, economic support through training and access to capital increases production capacity and income. Fifth, participation in political policies allows micro-entrepreneurs to influence decisions that support their businesses. Finally, preservation of local culture provides a competitive advantage and strengthens community ties. Overall, the integration of these different aspects of empowerment is critical to improving the performance of micro-entrepreneurs and ensuring their business success. The results of this study are in line with research conducted by (Wattiheluw, 2019) which shows that empowerment has a significant positive effect on the performance of small and medium-sized micro and small entrepreneurs assisted by the KUMKM Integrated Business Service Center in Maluku Province, besides research conducted by (Sari, 2021) which shows that empowerment has a positive and significant effect on the performance of Micro, Small and Medium Enterprises (MSMEs) in Pleret District, Bantul Regency.

Effect of Performance (Z) on Welfare (Y)

The output results from SmartPLS, the relationship between performance (Z) and welfare (Y) can be analyzed through the T-Statistics value which shows a number 2.370 exceeding the limit of 1.96, as well as a P-Value of 0.009, which is much smaller than 0.05, indicating a significant relationship. Meanwhile, determining the direction of the relationship, it can be seen from the original sample value which shows a number 0.368 which is positive, indicating a positive direction of the relationship. Thus, it can be concluded that performance (Z) has a positive and significant influence on welfare (Y). Therefore, the first hypothesis (H₂) that has been formulated previously is accepted. The results of this study show that performance has a positive and significant influence on welfare. The implication of these results, based on the performance indicators, is that improvements in sales growth, capital, labor, market and marketing, and profit directly improve the welfare of business actors. High sales and profit growth increase income and quality of life, while capital growth supports business expansion and financial capacity. Additional labor represents expansion and increased employment opportunities, and market and marketing growth expands business opportunities. Overall, better performance contributes to prosperity through increased profits and quality of life for businesses. This research is also in line with research conducted by (Ispreidi Maha et al., 2023) which shows that the performance of Micro, Small and Medium Enterprises (MSMEs) has a significant effect on the welfare of business actors in Palangka Raya City. In addition, this research is also in line with the findings conducted by (Riniati et al, 2023) which show that the performance of female MSMEs (X₂) partially has a positive and significant effect on the variable welfare level of MSME actors (Y₁) in Jember Regency.

Effect of Empowerment (X) on Welfare (Z)

The output results from SmartPLS, the relationship between empowerment (X) and welfare (Y) can be analyzed through the T-Statistics value which shows 2.576, exceeding the limit of 1.96, and the P-Value of 0.005, which is much smaller than 0.05, indicating a significant relationship. Meanwhile, determining the direction of the relationship, it can be seen from the original sample value which shows 0.398, which is positive, indicating a positive direction of the relationship. Thus, it can be concluded that empowerment (X) has a positive and significant influence on welfare (Y). Therefore, the first hypothesis (H3) formulated earlier is accepted. The implications of these results are clear when linked to indicators of empowerment. First, accurate information enables individuals to make better decisions and actively participate in social, economic and political life, contributing to improved well-being. Furthermore, psychological empowerment strengthens individuals' self-confidence and self-awareness, encouraging them to face challenges more effectively and improve their quality of life. Strong social networks, as a social indicator, create inclusive community support, improve social cohesion, and strengthen well-being. On the economic front, improved access to resources and employment opportunities support financial independence, which directly affects individual well-being (Sehrawat et al., 2021). Greater political participation allows individuals to influence policy and ensure their needs are addressed, creating systemic change that supports well-being. Lastly, cultural empowerment involving the appreciation and preservation of cultural identity helps individuals feel more connected and prouder of their heritage, increasing their sense of place and meaning in their lives. The integration of all these aspects of empowerment as a whole supports improved quality of life and well-being of individuals and communities. The results of this study are in line with research conducted by (Riniati et al, 2023) which shows that empowerment has a positive and significant effect on the level of welfare of female MSME actors (Y1) in Jember Regency. In addition, this research is also in line with the findings of (Ispreidi Maha et al., 2023) which show that MSME empowerment has a significant effect on the performance of MSMEs in Palangkaraya City.

Effect of Empowerment (X) on Welfare (Y) with Performance (Z) as a mediating variable

The output results from SmartPLS, the relationship between empowerment (X) and welfare (Y) through performance (Z) can be analyzed through a P-Value of 0.030 which is much smaller than 0.05, indicating a significant relationship. Meanwhile, determining the direction of the relationship, it can be seen from the original sample value which shows the number 0.132, which is positive, indicating a positive relationship direction. Thus, it can be concluded that empowerment (X) has a positive and significant effect on welfare (Y) through performance (Z). Therefore, the first hypothesis (H4) formulated earlier is accepted. However, it is important to note that although the indirect effect of empowerment on well-being through performance is significant, the effect is relatively small. This indicates that although performance acts as an important mediator, the contribution of performance to welfare improvement is not that great.

Although business performance is an important mediator, not all aspects of performance directly contribute to welfare. For example, good financial performance may not always translate into improved welfare if there are other factors that affect welfare directly. These factors could include macroeconomic conditions, access to health services, social support, and household stability, in addition external factors that are not captured in this model may affect the results. For example, market conditions and intense competition might hamper overall business performance, and in turn, reduce the positive impact of performance on welfare. The quality and implementation of empowerment programs also play a crucial role; less effective programs may not have a significant impact on performance and welfare. This small effect

suggests that performance is not the only mediator at play in the relationship between empowerment and well-being. Other mediators, such as access to additional resources, community support, and government policies, may also contribute to well-being but were not fully considered in this study.

This is in line with research conducted by Ispreidi Maha et al. (2023) which shows that MSME empowerment has a significant effect on the performance of MSMEs in Palangka Raya City, MSME empowerment also has a significant effect on the welfare of MSME actors in Palangka Raya City and the relationship between MSME performance and the welfare of MSME actors is also proven to be significant. In addition, research conducted by (Riniati et al, 2023) shows that empowerment (X_1) partially has a positive and significant effect on the welfare level of female MSME actors (Y_1) in Jember Regency, the performance of female MSMEs (X_2) partially has a positive and significant effect on the variable welfare level of MSME actors (Y_1) in Jember Regency and empowerment (X_1) and MSME performance variables (X_2) simultaneously (together) affect the variable welfare level of female MSME actors (Y_1) in Jember Regency.

Managerial implication

This research highlights to policymakers the need for targeted empowerment programs to address the challenges faced by women micro-entrepreneurs. This could include initiatives such as improved access to financial resources, tailored training programs to enhance business skills, or the establishment of support networks that connect entrepreneurs to the broader market. Such programs should not only aim to improve microenterprise performance but also ensure that the benefits of improved performance are directly felt in the daily lives of the entrepreneurs and their families. By focusing on these aspects, policymakers can develop strategies that are not only theoretical but also practically effective in promoting economic growth and improving welfare.

As non-governmental organizations (NGOs) often play an important role in the implementation of empowerment programs, the results of this study can be used to refine their approach. The study findings show that while performance acts as an important mediator between empowerment and well-being, other factors can also play a role. Therefore, NGOs can consider a more holistic approach by adding additional support mechanisms such as mentoring, psychological support, and community building activities to increase the overall impact of their programs. The goal is to create interventions that are responsive to the needs and context of women micro-entrepreneurs, thereby increasing the likelihood of sustained welfare improvements.

Local leaders and community organizations, who are often closer to the realities on the ground, can leverage the insights from this study to advocate for and implement changes that are culturally and contextually appropriate. The findings of this study show that empowering women micro-entrepreneurs can have far-reaching positive impacts in communities, contributing to greater economic and social development. Local leaders can use this evidence to mobilize resources and support empowerment initiatives, ensuring that program implementation is effective and benefits are widespread throughout the community.

Conclusion

Based on the results of the structural model analysis, the R-square value shows that 39.9% of the variation in the welfare variable can be explained by the variables in this study, while 60.1% is influenced by other factors. Conversely, 12.9% of the variation in the performance variable can be explained, while 87.1% is influenced by other factors. Hypothesis testing shows that

empowerment has a positive and significant effect on performance and welfare, and performance mediates the relationship. These findings are consistent with previous research which shows that empowerment and performance contribute significantly to the welfare of micro business owners. Therefore, it is important to consider other variables in future research and expand the research locations to gain more comprehensive insights.

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