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Determinants of the poor household decision to own Micro-Small Enterprise (MSEs)

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Abstract

Household empowerment is an effort to increase family income, especially for poor households. Entrepreneurial activities in the household are expected to encourage independence and social mobility in poor households. This novel research analysed the decision-making behaviour of households owning a business through the probability function of micro and small business owners in poor households in Magelang City. The study will have implications for the design of policy planning related to poverty alleviation, especially regarding increasing entrepreneurship in poor households. Using the 2019 SUSEE database obtained from the Government of Magelang, this study can be concluded that the higher the age and education of the head of a household the greater the opportunity to decide to own a business. The main factor that encourages poor households to own a business is the ease of access to capital. The research findings show that households that have access to credit are proven to be more motivated to own a business. In addition, the more dominant family members have cell phones, the more likely a household is to own a business. From this research, the policy implications that can be carried out are intensifying and ease of providing business capital for micro-enterprises, providing training and coaching, especially in starting businesses for poor households based on simple technology. Owning MSEs has the potential and opportunity to improve the welfare of poor households through business ownership in the form of micro and small businesses.

Key words : Micro-Small-Enterprise, Poor Household, Logit Regression

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INTRODUCTION

Social welfare is one part that cannot be separated from economic development. If the social welfare level is improving, then economic growth can be said to be successful. Welfare is defined as a condition in which a person can fulfil basic needs, as seen from the sufficient need for adequate food, clothing, shelter, education and employment. According to Rosni (2017), the social welfare level reflects a household's quality of life. Households with a higher level of welfare have a better quality of life. Using household expenditure indicators, if the proportion of spending on basic needs in a househ-

old is comparable to or lower than that of spending on non-basic needs, then the household can be classified as a prosperous family.

Magelang, one of Central Java Province's cities, has strong regional characteristics. Magelang is in the middle of the Semarang-Yogyakarta Primary Arterial Road, surrounded by five mountains, and is the centre of military activities in Central Java. This background has also encouraged Magelang to be designated a growth centre for the Purwomanggung agglomeration area (Purworejo Regency, Wonosobo Regency, Magelang City, Magelang Regency and Temanggung Regency).

However, from the Gross Regional Domestic Product (GRDP) analysis, Magelang is included in the criteria for a depressed developed area. The anomaly of Magelang GRDP can be seen based on the information from the table below:

Table 1. Percapita GRDP and GDRP Growth

Year	Percapita GRDP (Constant 2010)		GDRP Growth (Constant 2010)	
	Million Rp		%	
	Magelang	Jateng Province	Magelang	Jateng Province
2012	37.55	21.75	5.37	5.17
2013	39.67	22.73	6.04	5.54
2014	41.45	23.68	4.98	5.1
2015	43.44	24.75	5.11	5.45
2016	45.59	25.88	5.23	5.76
2017	47.92	27.05	5.42	5.47
2018	50.37	28.28	5.46	5.48
2019	52.93	29.57	5.41	5.36
2020	51.94	28.67	-2.45	-2.65
2021	53.56	27.14	3.2	3.33
Avg	46.44	25.95	4.38	4.40

Source: Central Java Statistics agency (2022)

Based on table 1 above, it can be seen that the average per capita income of Magelang City is higher than that of Central Java Province (the main region), which is 46.44 million Rupiah. However, the average economic growth rate is lower than Central Java Province, which is 4.38%. Because Magelang City has a higher per capita income, but its economic growth rate is lower than Central Java Province (its mother region), Magelang City is categorized as a depressed developed area. That is, even though Magelang City is an advanced area, in the future, it is estimated that its growth will be slower, even though its development potential is immense. In other words, the shadow of stagnation is firmly attached to the future condition of Magelang City.

Regarding the population's welfare, of the 121,526 residents of Magelang City, 9,300 are below the poverty line (BPS, 2022). Even though the poverty rate in Magelang City is below the average poverty rate of Central Java Province and the trend of poverty rate has a downward trend, this condition is said to be stagnant because the decline in the poverty rate in Magelang City is far below the provincial average. This condition also has an impact on the ability of Magelang City to produce output from the aggregate economic activities that are carried out.

Poverty is when a person or household cannot meet their basic needs. Even though the government has provided social assistance to the poor, in order not to continue to depend on assisting, households must be independent and sufficient for their household needs. The existence of Micro and Small Enterprises (MSEs) is one way to get the poor out of the poverty line (Anugerah & Nuraini, 2021; Indika & Marliza, 2019; T. Tambunan, 2012; T. T. H. Tambunan, 2011; Widowati & Purwanto, 2019).

The emergence of Micro and Small Enterprises (MSEs) is easy to reach by the surrounding community because it is directly related to the community, especially in urban areas. In several studies, it has been proven that the role of MSEs is essential in increasing people's income so that they can improve their standard of living, which means reducing poverty (Hussaina et al., 2015; Nursini, 2020; Than & Penpokai, 2020). Kurniawan, F. D., & Fauziah, (2014) explained that unemployment is the root of the problem of poverty; therefore, the existence of MSEs will create jobs that will absorb labour so that it can reduce unemployment and poverty. The role of the presence of MSEs is also proven by Tambunan, (2012), which said that the importance of the exi-

stence or growth of MSEs to the economy and especially poverty reduction in the regions is highly dependent on the business relationship between MSEs and the regional economy. Regarding the input market, additional income will increase when the poor open their businesses, such as MSEs. In terms of the level of productivity at MSEs, increased productivity due to more efficient MSEs in production will increase business income. In macro paradigm, many research supported that MSEs has significant role towards economics (Dahliah, Sidik Tjan, & Rahmi, 2023; Fathia, Julistia, Bestari, & Permata, 2022; Halim, Zakaria, Hamid, & Khalid, 2014; Nursini, 2020; Reswita, Irawan, & Sukiyono, 2021)

Various efforts and programs carried out by the government to encourage increased household independence through MSEs have been carried out a lot. The existence of MSEs has also been protected by Law as stated in Law no 20 of 2008 concerning the Law (UU) concerning Micro, Small and Medium Enterprises. According to Sitorus, (1994) in research on farming households, all cases of poor households apply a double income strategy, i.e. not expecting only one job but several kinds of work depending on season and opportunity. This opportunity to gain more income could encourage household empowerment activities to carry outside businesses in the form of MSEs. But in the end, having a business or not returns to the household's decision.

The household's decision-making pattern is influenced by the resources owned by the household (Ningsih et al., 2018). In this case, households have limited resources, which require family members to choose their activities and allocate resources, both material and non-material sources, such as time, so that they are able to achieve the desired utility. The theoretical model of time allocation regarding decision-making as the allocation of resources in the household is related to the choice between work (labour) and other alternative activities, including utilizing free time and household production Becker (1965).

Based on this theory, households are assumed to be producers and consumers. When households are producers, households produce commodities by combining inputs and time by minimizing production costs. Commodities are produced in quantities determined by the household utility function, which is limited by household resources, both budget and time. In detail, the household model of Becker (1965), which describes the household satisfaction function that maximizes its utility, can be explained by the following equation:

$$U = U\,(Z_i, \ldots \ldots \ldots Z_n) \quad (1)$$

$$Z = Z_i\,(X_i,\ Thi) \quad (2)$$

Households are assumed to combine time input (T_i) with goods purchased in the market (X_i) through the production function fi to produce goods Z_i. In which:

U = utility

Z_i = household-produced commodities (i 1, 2,3, ..., n)

X_i = goods and services

Thi = the amount of time it takes to produce goods Z ke i

X_i as an input factor is a determinant of household utilities in the form of raw goods, capital goods, physical and social capital, labour, and time which is highly dependent on the combination of its use and household behaviour.

This study aims to analyze a household's decision to own or run an independent side business in the form of MSES in addition to the main work performed by the head of the family. By taking the object of research in the city of Magelang, this research identifies the factors that influence households to do or have an independent business. Household characteristics are the main determining factor in household decision making (Panjawa, Triyanto, & Panjawa, 2020; Muliani & Nabilla, 2020; Ningsih et al., 2018). By knowing

the main factors that encourage households to own a business, the government can implement policies that support these factors, hoping that more and more households will own businesses to create economic independence.

Previous research used in this study refers to household decision-making by using Becker (1965) assumptions in utility theory. It formulates a household economic model and integrates production and consumption activities as one unit. Some of these previous studies include research from Jelita, Hadi, & Backe (2016), who examined the factors that influence the economic decisions of coconut farmer households in Enok District, Indragiri Hilir Regency. This study aims to analyze the economic decision-making of coconut farmer households from the aspects of income, production, expenditure and working time allocateon. Using Two Stage Least Square (2SLS) method, Income in farming positively and responsively affects workflow and use of labour, while total household income completely and responsively influences household expenditure.

Then research from Swares & Backe, (2017) aims to analyze the factors that influence the economic decisions of rice farming households in North Kampar District, from the aspects of production, income, expenditure and allocation of household work time. Using TSLS, the dominant factor affecting the allocation of working time is income. In contrast, the income block is influenced by the allocation of working time outside of farming. The expenditure block is affected by total household income, health expenditure, food consumption expenditure, savings and investment in education. The results of this study were that there were no responsive variables affecting rice field production.

Then research from Nurhayati (2012) which aims to analyze the internal and external factors that influence the economic decisions of cocoa households in the Kuantan Singingi district. The result show that internal and external factors do not affect cocoa farming households' decision. However, from the household expenditure aspect, internal factors (education, total income and farmer's age) had significant effect.

On the other hand, Silverius Leki, Nuhfil Hanani, Rini Dwiastusi and Budi Setiawan (2016) identified time allocation, corn consumption, production activities and policy simulations from corn farmer household decisions in East Timor. The method used is the Two-stage Least Square (2SLS) method. The results show that the household economy of corn farmers is influenced by the size of the farm and the level of wages. Labour, urea fertilizer, agricultural land, and seeds affect maize production. Corn consumption is influenced by the number of household members, household income of corn production and the price of corn. Consumption of purchased corn is influenced by the number of members, household income, and corn production. Policy simulation results show that increasing the price of corn and expanding the scale of farming can increase household income

From these studies, it is evident that household characteristics strongly influence household economic activity decisions. How households decide on the combination of goods used to increase household productivity is influenced by the behaviour of the household itself. Regardless of gender, the head of the household plays an essential role in making household decisions so that the characteristics of the head of the household dominantly influence the behaviour of a household's economic choices (Deschênes, Dumas, & Lambert, 2020).

METHOD

This study uses the Limited Dependent Variable (LDV) method to capture household decision probabilities. The LDV model is a model with the dependent variable in the form of a dummy variable, which is used to analyze the probability of an event occurring at intervals of 0 to 1.

Where the initial reduction of the LDV model starts from a linear equation as follows:

$$P_i = \beta_0 + \beta_1 X_{1i} + \cdots + \beta_n X_{ni} \quad (3)$$

In this study, Pi = E(Yi = 1 Xi) is the prob-ability of a person's decision to become an MSEs actor, with the determinant factors being demographic and socioeconomic (X_{ni}). To solve equation 3, LDV model was used the sigmoid to obtain the probability value of Y in the interval 0 to 1, since OLS assumption can not deal with limited dependen variable. Then equation 3 becomes the following equation below:

$$p_i = \frac{1}{1+e^{-(a+\beta 1X1i + \cdots + \beta nXni)}} \quad (4)$$

For simplicity, equation 4 can be written as:

$$pi = \frac{1}{1+e^{-z}i} \quad (5)$$

In which

$$Z_i = \alpha_0 + \beta_1 X_{1i} + \cdots + \beta_n X_{ni} \quad (6)$$

Equation (4) above is better known as the logistics distribution function. In this equation, Pi is non-linear with respect to Zi because Zi is in the range -∞ to +∞ , so the requirement that Y's probability be in the interval 0 to 1 has been fulfilled.

However, to fulfil these requirements, there are still estimation problems because P is linear in X and β as in equation (6). The way to overcome this is to determine the probability equation for a household to become MSESM or not, namely as follows in equation 7:

$$1\text{-}pi = 1 - \frac{1}{1+e^{-z}\,i} = \frac{e^{-z}i}{1+e^{-z}i} \quad (7)$$

Based on equation (7), it can then be written:

$$\frac{pi}{1-pi} = \frac{1/_{1+e^{-z}i}}{e^{-z}i/_{1+e^{-z}i}} = \frac{e^{-z}i}{1+e^{-z}i} = e^{z}i \quad (8)$$

$\frac{p_i}{1-p}$ is the odds ratio of the possibility of a household owning a micro and small business. To get a linear Z value for X and parameters, we have to multiply the odds ratio by the natural logarithm, and we get the following equation:

$$L_i = \ln\left(\frac{p_i}{1-p_i}\right) = Z_i \quad (9)$$

Equation 9 model is a model of logistic regression (logit model). The logit estimation model used to analyze Y1 (the likelihood of a household owning a micro and small business) in this study is as follows in equation 10:

$$L_i = \ln\left(\frac{p_i}{1-p_i}\right) = \alpha + \beta_1 X_{1i} + \ldots + \beta_n X_{ni} + \mu \quad (10)$$

In which, L_i = Logit Y, Exponent $\ln\left(\frac{p_i}{1-p_i}\right)$ is the odds ratio of a household's decision to own a micro and small business (1 = household owns a business, 0 = household does not own a business, α is the intercept, X_i is the determinant factor, μ is the error term, and β is the slope.

From this basic Logit model, Chester Bliss (1930) developed it into the Probit model. In its application, McFadden (1973) developed a probit model based on utility theory. If the logit model uses a cumulative logistic function, then the probit model uses a cumulative normal function.

Modification of the logit model to a logit model is done by changing equation 10 to:

$$P_i(Y_i = 1|X_i) = \emptyset(\beta_0 + \beta_0 X_i) \quad (11)$$

Where $\emptyset(Z)$ s a function of the Probit model, assuming $\emptyset(Z)$ is normally distributed.

As explain above, this study is based on utility theory which views households as decision-makers in production and consumption activities, and their relationship with time allocation and income are analyzed simultaneously. Production units in households combine raw goods and capital goods, both physical and social capital, with labour and time to produce final goods with output in the form of utilities (Z), not goods or services.

This study uses data from the *Survey Sosial Ekonomi Eksisting* (SUSEE), a private survey conducted by the *Dinas Komunikasi Informatika dan Statistik* of Magelang City on 1,000 poor households in Magelang City in 2019. After cleaning and filtering the data, it was found that the data that could be processed was 890 household. The variables used in this study were divided into two groups, namely the Social Demographic Characteristics of the Head of the Household (which consisted of Age and gender) and Socioeconomic Variables (ownmses, age, gender, income, workhours, headwork, kks, kur, house, ownphone, yos, jobstat). Dependent variabel is **ownmses** which categorical variabel, 1 for poor household have MSE, and 0 for the poor household does not own a MSE businesss.

On the jobstatus variable, category number five is not included in the estimate because this category is not the category of poor people. The equation to be estimated in this study consists of 2 models, namely model 1, without jobstatus clustering and model 2, including jobstatus clustering. The estimated equation is as follows:

Model 1:

Ownmses = f(age, gender, income, workhours, headwork, kks, kur, house, ownphone, yos)

Whereas Model 2 includes the workstatus clustering as follows:

Ownmses = f(age, gender, income, workhours, headwork, kks, kur, house, ownphone, yos, jobstat)

RESULTS AND DISCUSSION

The first part of the discussion is descriptive statistics and data distribution patterns, as shown in Table 1.

Tabel 2. Statistic Descriptive

Variable	Obs	Mean	Std. Dev.	Min	Max
ownmses	890	0.264	0.44	0	1
age	890	54.454	13.19	22	93
gender	890	0.751	0.43	0	1
income	890	995,723.6	1,144,006.4	0	150,00,000
workhours	890	37.27	27.29	0	168
headwork	890	0.78	0.41	0	1
kks	890	0.45	0.49	0	1
kur	890	.048	.21	0	1
house	890	.51	.5	0	1
ownphone	890	1.87	1.20	0	6
yos	890	9.89	5.52	0	15

This research was conducted to answer the household's MSE ownership behaviour and capture household preferences. The sampling object in SUSEE 2019 was taken from the 2015 *Pendataan Basis Data Terpadu* (PBDT) collected from *Badan Pusat Statistik* (BPS). From the descriptive analysis of the data, it can be seen that the average distribution of the data is good, which can be seen from the standard deviation value, which is smaller than the mean value. An exciting finding shows from variable income, where the maximum variable income (household income in 1 month) is IDR 15,000,000, and the lowest is 0 (zero). The high household income indicates that there has been an increase in people's welfare during the 2015 – 2019 period, so there are samples that have incomes above the poverty line. Therefore clustering was not carried out in the respondent's household.

The estimation results of the Limited Dependent Variable equation, with Y: ownmses where 1 = household owns a business, 0 = house-hold does not own a business, is presented as follows:

Table 3. Coefficient of Household Decision Model Estimation Results

Y: ownmses	(1) logit1	(2) logit2	(3) probit1	(4) probit2
age	0.0139*	0.0131***	0.00829*	0.00778***
	(0.00723)	(0.00276)	(0.00429)	(0.00149)
gender	0.149	0.171	0.0929	0.105
	(0.193)	(0.109)	(0.114)	(0.0651)
income	-5.38e-08	-6.80e-08	-2.87e-08	-3.71e-08
	(8.09e-08)	(6.36e-08)	(4.69e-08)	(3.70e-08)
workhours	-0.000244	0.000188	-0.0000954	0.000140
	(0.00416)	(0.00222)	(0.00244)	(0.00138)
headwork	0.518*	0.599***	0.300*	0.348***
	(0.297)	(0.0855)	(0.173)	(0.0512)
kks	0.415***	0.439***	0.244***	0.256***
	(0.156)	(0.155)	(0.0928)	(0.0922)
kur	0.594*	0.581**	0.363*	0.357**
	(0.330)	(0.296)	(0.202)	(0.180)
house	0.00798	0.0219	0.00854	0.0167
	(0.156)	(0.190)	(0.0921)	(0.115)
ownphone	0.163**	0.159***	0.0987**	0.0961***
	(0.0652)	(0.0464)	(0.0395)	(0.0289)
yos	0.0265*	0.0261***	0.0155*	0.0153***
	(0.0151)	(0.00943)	(0.00883)	(0.00560)
2.jobstat		0.112**		0.0686**
		(0.0518)		(0.0326)
3.jobstat		-0.148***		-0.0853**
		(0.0570)		(0.0368)
4.jobstat		-0.211***		-0.122***
		(0.0222)		(0.0127)
6.jobstat		0.349***		0.204***
		(0.0634)		(0.0371)
7.jobstat		-0.0119		-0.00573
		(0.0350)		(0.0253)
_cons	-3.061***	-3.025***	-1.842***	-1.819***
	(0.613)	(0.334)	(0.360)	(0.192)
N	890	883	890	883
LR chi²	28.84		28.98	
Prob > chi²	0.0013		0.0013	
Pseudo R²	.0281		0.0282	
McFadden's R²	0.028	0.031	0.028	0.031
AIC	1.147	1.166	1.147	1.166
BIC	-4,970.828	-4,868.874	-4,970.963	-4,868.903
Pearson or Hosmer-Lemeshow goodness-of-fit test chi²	879.38	873.69	879.93	874.03
Prob > chi²	0.4616	0.4020	0.4564	0.3988

Standard errors in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

The AIC values in table 3 show that the best logit and probit models include clustering status positions in the primary job, as seen from the smallest AIC value. From the diagnostic and post-estimation tests performed on the four models, in table 3, the model is concluded to be statistically significant because the Prob > chi² value is less than 0.01. While the statistical value of the Pearson or Hosmer-Lemeshow goodness-of-fit test chi² for all models is also greater than 0.05, it can be stated that the model is accepted and feasible to be analyzed.

From the group of Demographic Characteristics of the Head of the Household variables included in the model, namely age and gender, only **age** significantly affects the probability of a household owning a business. Since old age is more challenging to enter the labour market, by having a business, they will get income, at least to survive. This result is related to bounded rationality theory, namely the tendency to survive economically, as said by Noviarto & Samputra (2021). The decision to have a business can also be categorized as a financial decision, this is because when a household considers having a business, the household certainly considers the capital readiness that must be prepared. Gender differences in the decision to own a business were also found in the Kumar, Islam, Pillai, & Sharif (2023) research. In multigroup research, they found that there was no significant difference between men and women regarding financial decision making.

For the socio-economic variable group, the income variable has no significant effect on the probability of a household owning a business. Income in poor households is classified as low income and tends to be allocated for basic needs. With the income variable proven to have an insignificant effect on MSEs ownership, it proves that income is not an obstacle to owning MSEs, in other words this means that poor people can easily own MSEs. This finding in line with research by Nursini, (2020), whics stated that MSEs play an important role in alleviating poverty, where MSEs reduce not only the percentage of poor people but also the Poverty Gap

The total working hours of the head of the household also have no significant effect on the probability of a household owning a business. However, the activity of the head of the household, not working (headwork variable) has a significant positive effect on the probability of a household owning a business, meaning that there is a significant difference between heads of households who work or do not own a business, tend to have a higher probability of owning a business.

Household that receiving social aid from the government, both in the form of cash assistance and capital assistance (Prosperous Family Cards (KKS) and People's Business Credit (KUR)) have a high propensity to own a business. These results indicate that the KKS and KUR provided to the poor can be used as business capital and encourage poor households to own businesses. Financial support has significant role towards not only sustainability but also competitiveness for MSEs (Lewandowska, Bilan, & Mentel, 2021); thus, it also plays as a consideration when starting a business.

Mobile phone ownership as an indicator of technology mastery positively impacts the probability of a household owning a business. Currently, mobile phones are the easiest and cheapest technology that can be afforded even by poor households. By having a mobile phone, creative ideas will easily emerge because of the expansion of information they get (Mushi, 2022). Therefore, by owning a mobile phone, people can easily access communication and information, which is a motivating factor for poor households to own a business.

From the estimation results in table 3, logit and probit equations with clustering status of the main position in work show consistent results. From these results, it can be concluded that gro-

up 2 (self-employed assisted by non-permanent/ unpaid workers) has a higher probability of owning a business than group 1 (self-employed). In contrast, group 3 (self-employed aided by permanent/ paid workers) has the probability of owning more businesses. Lower than group 1, in group 4, the probability of owning a business is smaller than group 1 but higher than in group 3. Group 6 (free agricultural workers) has a higher probability of owning a business than group 1 and also higher than group 2. The probability of group 7 owning a business is not different from that of group 1. Overall, free-farm workers are the group that tends to have the highest probability of having MSEs.

The estimation results from the logit model cannot be directly interpreted quantitatevely. Therefore, the odds ratio value is used for interpretation. Odds ratios above 1 correspond to "positive effects" because they increase the odds. Those between 0 and 1 correspond to "negative effects" because they decrease the odds. Meanwhile, the odds ratio of precisely 1 compares to "no association." An odds ratio cannot be less than 0.

Table 4. Odd Ratio Calculation

Y : ownmses	Odd Ratio	St.Err.	Sig
age	1.014	.007	*
gender	1.161	.224	
income	1	0	
workhours	1	.004	
headwork	1.679	.499	*
kks	1.514	.237	***
kur	1.810	.598	*
house	1.008	.157	
ownphone	1.177	.077	**
yos	1.027	.016	*
Constant	.047	.029	***

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

The odds ratios are for a one-unit change in the variable. From table 4, the coefficient value of the odds ratio for the age variable is 1.014. This number means that if age increases by 1 unit, the odds of owning processes (probability of poor households owning a business) will be 1.014 times the previous.

The odds ratio coefficient value for the headwork variable is 1,679; this means that if headwork is 1 (working headhouse), then the odds of ownmses (if ownmses has a value of 1 or has a business) will be 1,679 times the odds when headwork is 0 (not working).

Furthermore, the odds ratio coefficient value for the KKS variable is 1.514. The KKS result means that if the KKS is worth 1 (poor households are the program's participants), then the odds of ownmses, if it is worth 1 (poor households own a business), will be 1.514 times the odds when KKS is worth 0 (not working). While the odds ratio coefficient value for the KUR variable is 0.117, this means that if KUR is worth 1 (poor households get capital credit assistance), then the odds from ownmses is worth 1 (poor households own a business) will be 0.117 times the odds when KUR is worth 0 (households do not receive financial assistance).

For the technology variable, the coefficient value of the odds ratio for the ownphone variable is 1,177. The result means that if the number of mobile phone owners in a household increases by 1 unit, the odds ratio for ownmses will be 1,177 times the previous one.

Meanwhile, to intrepet the result in table 4 as probability, the result should convert to Marginal Effect. The marginal effect value can be directly interpreted as a probability value, it obtain from estimating the probit model without job status clustering (Probit 1). Table 5 shows the marginal effect value shown as the average marginal effect.

In the results of the marginal effect in table 5, the interpretation is carried out on the dy/ dx value. For the age variable the dy/dx value for the age variable is 0.003. This value means that if age increases by 0.1 unit, the probability of a household owning a business (ownsms=1) will increase by 0.003 or 0.3%.

Table 5. Result fo Marginal Effect

	dy/dx	std. err	Sig
age	0.003	0.001	*
gender	0.029	0.036	
income	-0.000	0.000	
workhours	-0.000	0.001	
headwork	0.095	0.055	*
kks	0.077	0.029	***
kur	0.115	0.064	*
house	0.003	0.029	
ownphone	0.031	0.012	**

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

For the headword variable, the dy/dx value of the headwork variable is 0.095, and this means that the probability of a household having a business (ownmses = 1) if the headwork is working (headwork = 1) will be 0.095 or 9.5 percent higher than if the head of the household is not working (headwork=0).

Whereas for the KKS variable, the dy/dx value for the KKs variable is 0.077; this means that if the KKS recipients increase by 0.1 units, the probability of a household owning a business (ownmses=1) will increase by 0.003 or 7.7 percent.

Similar to the KUR variable, with the dy/ dx value of the KUR variable being 0.115, this means that if the recipient of the KUR increases by 0.1 unit, the probability of a household owning a business (ownms=1) will increase by 0.115 or 11.%.

The last variable significantly influences the probability of a household having an MSE business is the technology variable (ownphone). Then from table 5, the dy/ dx value for the ownphone variable is 0.031; this means that if the ownphone increases by 0.1 unit, the probability of a household owning a business (ownms=1) will increase by 0.031 or 3.1%

CONCLUSION

Entrepreneurship has a significant and strategic role in building household economic independence and national economic development. In addition, entrepreneurship also plays a role in distributing the results of development. The productive role of household members arises because it is often related to the domestic roles of household members (sewing, cooking, washing, cleaning the house), which then turn into business startups. In micro and small businesses, household members thoroughly carry out business management activities. However, for various reasons, these households often view the business they do as additional income, causing the orientation of business development to be less than optimal.

The findings from this study conclude that the poverty alleviation program, namely the *Kredit Usaha Rakyat* (KUR) program, provides the highest probability for households owning a business, followed by the Prosperous Family Card (KKS)/Social Protection Card (KPS) program. **In this case, it means that poor households need financial support to start a business.**

The technological factor, which is currently increasing, also plays an essential role in encouraging poor households to be able to support their household economy. Therefore, providing training and guidance in starting and managing businesses for poor households is a strategic role for local governments in improving welfare through business ownership (entrepreneurship). Training on the use of technology is also an essential part of efforts to increase MSE actors in poor households. The focus of training can be business training with relatively minimal operational costs, such as online shops and dropships, which can be managed easily via mobile devices.

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