

Determinants of Monza Clothing Business Development in East Binjai District

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ABSTRACT

Thrifting has emerged as a new trend among teenagers in the modern day, influencing their way of living. The lifestyles of contemporary teenagers, who are always pursuing models, and the significance of more reasonable costs are intimately related to this trend. These days, wearing attractive clothes is the best way to keep up with the newest trends and maintain your appearance, so you don't have to spend a lot of money or search for new items to stay in style. The purpose of this study is to determine how the creation of Monza clothing and what elements affect teens' and Binjai's interests. Regarding the methodology, this study combines descriptive techniques with qualitative research methodologies. The independent variable (Y) Monza clothing business development is sampled using random sampling for the following free variables: (X1) business capital; (X2) income; (X3) labor force; (X4) competitiveness; (X5) distribution; (X6) product quality; (X7) technology; and (X8) price. by the application of the Confirmatory Factor Analysis (CFA) approach. The study's findings indicate that consumers' decisions to purchase Monza clothing are influenced by a number of factors, including product quality, pricing, technology, and the company's growth. Double linear regression analysis was then used to examine the collected data. The study's conclusion is that the development of the Monza clothing business in the city of Binjai was positively and significantly impacted by the quality of the product and business capital (A typical study: binjai Timur).

KEYWORDS

Business Capital; Business Development; Product Quality; Revenue; Tax

1. INTRODUCTION

Style/dress trend is evolving rapidly these days and offers a wide range of possibilities. Because technology is so easy to use, this has an impact on how dependent people are on it to carry out daily tasks in the world of Generation Z. This invention has an impact on a number of things, including fashion. A store's clothing models undoubtedly feature a variety of themes and designs that serve to cover the body. According to Gen Z, the most prominent characteristics in fashion trends are color and style, making them the most crucial factors when buying clothing. The public believes that clothing with well-known international brands can add value to their style because it is thought to raise their social standing. As a result, thrifting—the practice of purchasing used things with international brands at reasonable prices—has become more popular. The word "thrifting" is often used to refer to secondhand goods. Used goods are items that have been used but are still marketable; naturally, they are still usable, the cost is lower, and the brand is reliable. are well-known and produce high-quality goods. Because they may purchase items at lower costs and are more knowledgeable with the fashion business, students are one group that exemplifies the growing use of used apparel. These worn items, which are typically referred to as "BOLA," are brought into Indonesia from overseas and combined with all of the clothing's contents. Naturally, it is impossible to package all of these used items in pristine shape. It's possible that some of the contents are beyond our control, some of the colors are hazy, and some of the clothes stitching is ripped. Although the price is high, this used item satisfies our requirements.

Figure 1. Used Clothing Import Data in Indonesia (2012-2022)

North Sumatra Imports by Sector									
Below is a table measuring Net Weight (in thousands of tons)					and CIF Value (in million US\$)				
6 409.56	5 795.21	6 324.90	7 215.59	7 038.77	5 224.39	3 979.87	4 525.91	5 652.59	4 635.81

Hanung Harimba, the Deputy for Small and Medium Enterprises of the Ministry of Cooperatives and SMEs, has highlighted that the prohibition on importing second-hand clothes is regulated under the Regulation. Despite this regulation, second-hand clothing remains prevalent in the market, driven by high consumer interest. Several factors contribute to this trend: Second-hand clothes are significantly cheaper compared to new, branded clothing. This price advantage attracts a broad spectrum of consumers looking for cost-effective fashion solutions. Many second-hand clothes are of high quality, often from reputable international brands. Consumers value these products for their durability and brand prestige, which contributes to their popularity.

The middle and upper classes are also drawn to second-hand clothing due to the unique styles and exclusive models that are often not available in new clothing lines. This uniqueness allows for personal expression and individuality in fashion choices. According to Rahmawati (2023), economic constraints drive people, especially from lower economic circles, to prefer second-hand clothing. However, this trend transcends economic boundaries, with middle and upper-class consumers also participating in thrifting for its unique value proposition. Social media plays a critical role in the marketing and promotion of second-hand clothing. Platforms like Instagram and Facebook allow sellers to showcase their products through posts, photos, videos, and direct interactions with potential buyers.

This digital presence helps build brand image and reach a wider audience. In Binjai, the proliferation of second-hand clothing shops, such as the Monza clothing center in Week 18, Tavif Binjai Market, Rayasmin_thriftstore, and Tanah Merah used clothing week, signifies the strong market presence of this sector. Consumers who prioritize product quality associate high-quality second-hand clothes with reputable brands, reflecting their beliefs and views about the brand. The success of second-hand clothing brands hinges on their ability to create a strong brand image. When consumers consistently associate a brand with high quality and unique style, it becomes the go-to choice in the second-hand clothing category.

This brand recognition is crucial for survival and success in the competitive fashion industry, where both new and used clothing sellers vie for consumer attention. To enhance sales and competitiveness, second-hand clothing sellers must adopt effective marketing strategies. Making use of social media is essential since it offers a dynamic forum for direct customer participation, engagement, and content sharing. Sellers may increase their market reach, foster brand loyalty, and affect customer decisions by utilizing these channels. Affordability, quality, distinctive trends, and efficient social media marketing are the main drivers of the Binjai second-hand clothes sector. Consumer demand, which includes a varied population from a range of economic backgrounds, continues to propel the growth of this sector despite legislative limits. Second-hand clothing companies need to concentrate on developing a strong brand image and utilizing digital marketing techniques in order to maintain and improve their market position.

2. METHODOLOGY

Instead of categorizing variables that are independent and dependent, confirmatory Factor analysis (CFA) looks for interdependent relationships between variables to determine the dimensions or factors that comprise them. Charles Spearman was the first to use factor analysis, which aims to describe the link between numerous variables in the form of multiple These variables are arbitrary amounts that are directly observable or quantifiable Sarwono (2016) asserts that the primary function of factor analysis is data reduction, or, to put it another way, the summarization of a small number of variables. Examining the interdependence of multiple variables that can be combined into a single factor is how subtraction is done. so that significant or dominant characteristics or factors can be further examined. The following is the factor analysis equation or formula:

$$ViUi (31) = X1 = Ai1 F1 + Ai2F2 + A13F3 + Ai4F4$$

Where:

Fi: the standardized variable is Ith and

Ail: is the common factor's regression coefficient from variable to I. I

Vi: is the variable's standardized regression coefficient.

IF: Common factor to I on a unique factor

Ui: is the unique variable that corresponds to I. M is the number of common factors.

The following is a formulation of common factors:

$$Fi = WiX1 + Wi2X2 + Wi3 X3 +.....+ Wik Xk.....$$

Where:

Fi = Estimate of Factor I

WI stands for factor coefficient score or factor weight.

X K = Variable count

Multiple regression analysis is used to examine the data model and information acquired from library research for this project. This method is used to resolve issues and support the hypothesis that has been put forth. SPSS software is used for the analysis, which adheres to particular data analysis methodologies. Model for Multiple Linear Regression Analysis This study's main goal is to investigate how certain characteristics relate to the growth of Micro, Small, and Medium-Sized Enterprises (MSMEs). To do this, multiple regression analysis is employed, applying the subsequent formula:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \epsilon$$

Y	= MSME Development
X1	= Business Capital (The MSME's initial funding or investment)
X2	= Revenue (The money made by the MSME's commercial operations)
X3	= The MSME's total workforce.
X4	= Competitiveness (The MSME's capacity for market competition)
X5	= Product Quality (The MSME's standard for producing goods)
X6	= Distribution (The effectiveness and scope of the MSME's routes of distribution)
X7	= The MSME's degree of acceptance and use of technology.
X8	= The MSME's pricing strategy and product competitiveness.
e	= Error

This study is a descriptive qualitative study, meaning it must examine the state of the field object under investigation. Because the goal of this research is to give a comprehensive and in-depth perspective of the issue being examined, descriptive data from informants and behaviors to be observed are presented in the form of written or oral data. Research that explains a phenomena, event, or current occurrence is known as descriptive research. Actual issues as they exist at the time of the study are the main emphasis of descriptive research. In order to assess the state of the current participants, the researcher went straight into the field.

Confirmatory factor analysis (CFA) is used in this study to process and interpret the acquired data. Multiple free variables were employed. This study examines the effects of business capital, income, labor, marketing, competitiveness, product quality, technology, and price on the growth of the Monza clothing industry in Binjai City. The Classic Assumption Test is another test used in this study's multiple linear regression analysis to determine whether the regression model produced satisfies the requirements of the Normality Test, Heteroskedasticity Test, and Multicollinearity Test. This test includes the ability to solve problems and demonstrate the validity of the hypothesis that has been previously proposed using software called SPSS.

3. RESULTS AND DISCUSSION

Confirmatory factor analysis (CFA) results Analysis of Data In order to get a true image of the issue under investigation, the researcher uses descriptive analysis techniques to examine the data of the study findings. These techniques include grouping and analyzing data, followed by interpretation. The information in the original (initial) variable is then summarized into a new set of dimensions or variables (factors) using a factor analysis. In factor analysis, determining which variables should be included in the subsequent analysis is the first step. The following tests are performed because factor analysis necessitates that the data matrix have adequate correlation in order to be performed:

- a. To assess the sample's sufficiency or quantify its feasibility, use the Kaiser-Meyer-Olkin Test (KMO). If the KMO value is more than 05 b, factor analysis is deemed possible.
- b. To determine if the variables in the sample are associated, Bartlett's test of sphericity is utilized. The table below displays the findings of the Kaiser-Meyer-Olkin (KMO) and Bartlett's test of sphericity using SPSS 25 software.

Table 1. KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.537
Bartlett's Test of Sphericity	Approx. Chi-Square	46.682
	Df	28
	Sig.	.015

The method used in this factor analysis is the principal component method. From the table above, the Kaiser Mayer Olkin (KMO) value is 0.537. This value indicates that the data is valid for further analysis with factor analysis. Bartlett's test value of 46,682 with a significant value of 0.000 is very far below 5%, so the correlation matrix formed is an identity matrix, or in other words, the factor model used is very good.

The next step is the Measure of Sampling Adequacy (MSA) test, where each variable is analyzed to find out which variables can be further processed and which ones should be removed. In order for each variable to proceed with processing, MSA values, which are correlation numbers with a diagonal direction from top left to bottom right, are located in the Anti-Image Matrices table in the Anti-Image Correlation section.

From the table above, it is known that the variables in this study have an MSA value of > 0.5 so that the variables can be analyzed as a whole further. Furthermore, to see which variables have a commonality correlation value above or below 0.5, the following results are known:

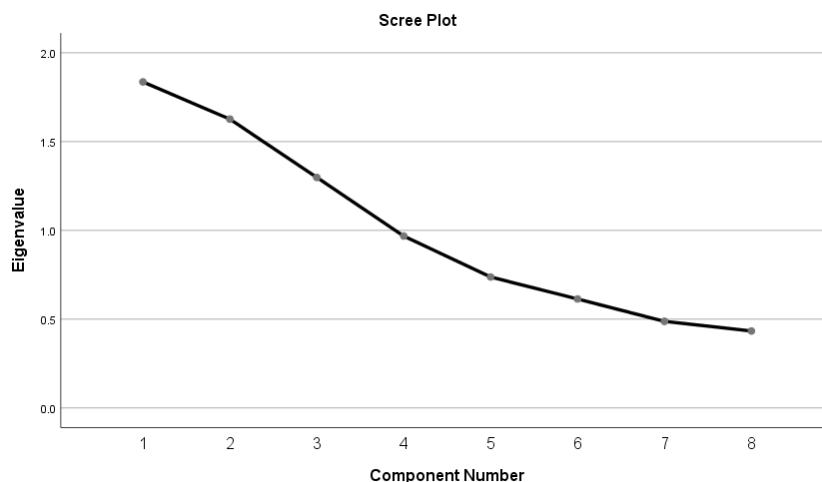


Figure 1. Correlation Result

Table 2. Rotated Component Matrix

	Component		
	1	2	3
VENTURE CAPITAL	.157	.088	.817
INCOME	.011	.684	.269
WORKFORCE	.038	-.550	.324
COMPETITIVE POWER	.348	.215	-.711
PRODUCT QUALITY	.757	.274	.074
DISTRIBUSI	.756	-.010	-.271
TECHNOLOGY	.659	-.428	.243
PRICE	.088	.670	-.082

The variables are distributed more visibly and clearly in the Rotated Component Matrix. The degree of correlation between variables and factors—specifically, a high correlation—determines the variable input to a given factor. Three of the eight elements are known to have the potential to impact welfare, according to the component matrix value results. These factors originate from:

- a. Component 1 is the largest: Product Quality
- b. Component 2 of the largest: Revenue
- c. Component 3: Business Capital

The Influence of Product Quality on the Development of MSMEs

Based on the outcomes of Confirmatory Factor Analysis (CFA) management on The rotational output (Rotated Component Matrix), the largest component 1 is product quality of 0.757, worthy of influencing the development of MSMEs. So it can be concluded that product quality has a significant effect on the development of MSMEs in East Binjai District. The results of my research show that product quality variables have a significant effect on the development of MSMEs in East Binjai District.

The Effect of Income on the Development of MSMEs

Based on the results of the management of the Confirmatory Factor Analysis (CFA) on the rotational output (Rotated Component Matrix), the 2nd largest component is revenue of 0.684, worthy of influencing the development of MSMEs. So it can be concluded that income has a significant effect on the development of MSMEs in East Binjai District. The results of my research show that income variables have a significant effect on the development of MSMEs in East Binjai District.

The Influence of Business Capital on the Development of MSMEs

Based on the results of the Confirmatory Factor Analysis (CFA) management on the rotated output (Rotated Component Matrix), the 3rd largest component is revenue of 0.817, which is worthy of influencing the development of SMEs. So it can be concluded that business capital has a significant effect on the development of SMEs in East Binjai District. The results of my research show that the business capital variable has a significant effect on the development of SMEs in East Binjai District.

4. CONCLUSION

Based on the discussions that have been carried out, the conclusions of this research are as follows:

1. The CFA test in the KMO and Barlett's Test shows that the data is valid and can be further analyzed with factor analysis, then three factors are worth influencing namely, Product Quality, Revenue, and Business Capital.
2. Multiple linear regression findings show that the adjusted R Square Square value of 0.506, also known as a determination coefficient, indicates that 50.6% of the development of MSMEs in East Binjai District can be obtained and explained by product quality, income, and business capital. While the remaining 100% - 50.6% = 49.4% were influenced by other variables that were not included in the model or not researched.
3. Product Quality, Revenue, and Business Capital have a significant effect on the Development of Monza's Clothing Business in Binjai City (special study: East Binjai).

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