CHAPTER V

CONCLUSIONS AND IMPLICATIONS

A. Conclusions

Based on the results of research implemented to analyze the efficiency of Kebumen Square Street Vendors using the Stochastic Frontier Approach (SFA) and Data Envelopment Analysis (DEA) approaches, it can be said that Kebumen Street Vendors are classified as technically efficient. Therefore, it can conclude that:

1. The material cost variable has an insignificant effect on the technical efficiency of the Kebumen Square PKL. While other variables, such as the number of workers, education, experience, and hours of operation, negatively affect and are significant to the technical efficiency of Kebumen District Street Vendors.
2. The SFA model shows that as many as 54 out of 58 traders can be said to be efficient. At the same time, the DEA model shows that as many as 43 out of 58 vendors can be said to be efficient. The SFA approach has a more widespread distribution of efficiency values, namely up to the lowest range of 0.40, while DEA only reaches the lowest range of 0.55. This value distribution indicates that the SFA approach method is more sensitive in detecting efficiency values than DEA.

As many as 41 out of 58 street vendors still have input slack. Regarding material costs, 26 out of 41 street vendors need to reduce material costs to increase their efficiency again. While on the input of the number of workers, as many as 15

out of 41 street vendors needed to reduce the number of workers to increase their maximum efficiency.

B. Implications

Based on the above conclusions, the implications of this study are as follows:

1. Theoretical Implications
    a. Based on the factor that influenced the efficiency of Kebumen Regency Square street vendors, it suggests that vendors should concentrate on managing factors that influenced efficiency, namely the number of workers, education, experience, and hours of operation. Especially the number of workers and operational hours are easier to manage in the short run.
    b. SFA and DEA models show that most street vendors in Kebumen Regency Square run efficiently. Therefore, it suggests that vendors concentrate on how to make those businesses run sustainably. Moreover, the inefficient vendors could increase their efficiency level by looking at DEA Slack, which represents exceeding input production factor.
    c. Slack in the DEA output model is an exceeded input production used to produce a specific output. Slack could occur in vendors that run their businesses inefficiently and vendors that run their businesses efficiently but not yet at maximum efficiency. Therefor, it suggests that vendors could use slack as a reference to exceeding

input production factors and unnecessary costs in order to achieve maximum efficiency.

2. Practical Implications

The results of this study can be used as input for Kebumen Square Street Vendors to be able to run their businesses. Vendors can maximise their business performance by considering the attention to efficiency, focusing on financing and needs that come from production inputs and business management control.

C. Research Limitations

This study used variables from the Kebumen Square street vendors' production and management factors. In analysing efficiency, other variables may not be examined in this study. Some of these factors also may not be analysed by the method in this study. The ability and performance of the Kebumen Square street vendors also depend on the social situation and the social capital owned by the traders, which is not discussed in this study.