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The Effect of Capital on Micro Business Income in Samaturue Village, Tellu Limpoe District, Sinjai Regency

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Abstract

This study aims to find out the influence of capital on micro-enterprise income in Samaturue Village, Tellu Limpoe District, Sinjai Regency. The type of research used in this research is quantitative research. The data was collected using a questionnaire, observation and documentation methods and then analyzed descriptively and inferentially. The results show that capital has a positive and significant effect on the income of micro enterprises in Samaturue Village, Tellu Limpoe District, Sinjai Regency. This is evidenced from the results of the data in which the regression coefficient value is obtained of 0.270 and a significant value of 0.000 which is less than 0.05.

1. INTRODUCTION

Trade is a very important thing in the economic activities of a country. The active trading activity of a country is an indication of the level of prosperity of its people and a benchmark for the level of the country's economy itself. So you could say trade is the lifeblood of a country's economy. Through trade, a country can also establish diplomatic relations with neighboring countries so that indirectly trade is also closely related to the world of politics.

According to Partomo and Soejodono (2004) the existence of SMEs has been the source of life for the majority of the Indonesian people. What makes MSMEs continue to survive during the economic crisis is because first, most MSMEs produce consumer goods and services with low elasticity of demand for income. Second, most MSMEs use their own capital without capital assistance from banks so that when a crisis occurs in the banking sector and bank interest rates rise it does not affect the performance of the MSMEs themselves. Third, the prolonged economic crisis occurred in cases of dismissal of workers in the formal sector resulting in an increase in the number of unemployed, in the end causing the unemployed to enter the informal sector by conducting small-scale business activities which resulted in an increase in the number of MSMEs.

Micro and small scale enterprises (MSMEs) have an important role as the main source of employment and income in developing countries in Indonesia which also reveal the importance of MSMEs for the Indonesian economy. Micro-enterprises are businesses that generate income and are carried out by poor or near-poor people. The characteristics of a micro business include business capital of not more than Rp . 10,000,000.00 (not including land and buildings), a workforce of no more than five people and most of them use family members/relatives or neighbors, the owner acts instinctively/naturally relying on instinct and everyday experience.

Types of micro businesses consist of trade, small industry, services, craftsmen, and agriculture/livestock. The micro business problem that is most often experienced by rural communities is related to the need for business capital which is felt when someone wants to start a business or develop a business, this is due to a lack of ability to access financing, access to markets and marketing, governance of micro business management and limited access to information . and the ability to penetrate these sources of capital. Capital is one component that is needed when you want to set up or develop a business. Kasmir (2009) argues that to set up or run a business requires a certain

amount of capital (money) and labor (expertise). Capital in the form of money is needed to finance all business needs, starting from administrative costs to working costs. Meanwhile, expertise capital is needed to manage or run a business.

Suyadi Prawirosentoso (2007) adds that capital or cost is a very important factor for every business, whether small, medium or large scale. In a business not only needed own capital but also assisted with loan capital. The amount of capital available will determine the availability of consumer demand for production. Increasing business capital can increase production capacity so that production volume will also increase. An increase in production results will certainly increase income so that in other words the amount of working capital can be said to contribute in determining the amount of income.

Tohir (2001) argues that income is money received by all people and is remuneration for the factors of production. Maynes argued that besides being able to assess income as a reward, it can also be seen from the use of a consumption strategy for the recipient by reducing his assets in a certain period. The economic situation in a society is largely determined by the level of income, the type of job, and the number of dependents in the family. Apart from that, the income that a person generates also refers to his position or dignity in interacting with other people. Income is often used as a benchmark in measuring the level of welfare of a society and the success of a country's economy. The description above illustrates the importance of examining the effect of capital on income, especially in the micro business sector. Therefore, a study was conducted with the title "The Influence of Capital on Micro Business Income in Samaturue Village, Tellu Limpoe District, Sinjai Regency".

2. LITERATURE REVIEWS

2.1 Definition of Capital

In the activity of realizing the goods and services needed by individuals, they must use the factors of production. The theory of production emphasizes the nature of the relationship between the level of production to be achieved and the number of production factors used. One of the important factors of production is capital. All activities in obtaining results require a certain amount of capital to finance their business activities because without capital, these activities cannot run as desired. (Sukirno , 2001) To set up or run a business requires a certain amount of capital (money) and labor (expertise). Capital in the form of money is needed to finance all business needs, starting from pre-investment costs, arranging investment fee permits for active purchases, up to working capital.

Meanwhile, expertise capital is a person's expertise and ability to manage or run a business. (Kasmir, 2009). Capital in the Indonesian Dictionary is principal money or money that is used as a parent for trading, releasing money and so on. Capital is all forms of wealth that can be used directly or indirectly in the production process to increase output. In an economic sense, capital is goods or money that together with the factors of production land and labor to produce new goods and services. Capital or cost is a very important factor for every business, whether small, medium or large scale. (Suyadi Prawirosentoso, 2007). Many definitions of capital invested in the company's business operations have been put forward by experts. One of the opinions about "capital", as stated by Prof. Bakker as follows: "capital" is both concrete goods that are still in the household which are on the debit side of the balance sheet, as well as in the form of purchasing power/exchange value of these goods recorded on the credit side.

2.2 Income

The main purpose of trading is to earn income. Where the income can be used to meet the necessities of life and the survival of the trading business. Income received is in the form of money, where money is a means of payment or a means of exchange. Income is an increase in assets resulting in an increase in

owners ' equity, but not due to an increase in new capital from the owner and not an increase in assets due to an increase in liabilities.

Income is receipts in the form of money or goods, both from other parties and the parties themselves from work or activities carried out and are valued in money at the prices currently in effect. Income can also be interpreted as all the results obtained after working, while personal income is defined as all types of income, including income earned without providing any activity , received by residents of a country. In micro analysis, according to Sadono Sukirno "entrepreneur's income is profit. In company activities, profits are determined by deducting various costs that come out of the sales results obtained. What is the term income used when it relates to the flow of income for a certain period originating from the provision of the respective factors of production in the form of rent, wages and interest respectively .

2.3 Micro business

Micro-enterprises in Law Number 20 of 2008 concerning MSMEs article 1 number 1 what is meant by micro-enterprises are productive businesses owned by people or individuals or individual business entities that have the following criteria: have a maximum wealth of IDR 50,000,000.00 (fifty million rupiahs) excluding land and buildings for business premises, or having annual sales proceeds of a maximum of Rp. 300,000,000.00 (three hundred million rupiahs).

The characteristics of a micro business consist of:

a. The type of goods or business commodities is not always fixed, it can change at any time.
b. The place of business is not always settled, at any time, it can move places
c. Have not done even simple financial administration and have not separated family finances from business finances.
d. Human resources (business) do not yet have adequate entrepreneurial spirit.

The examples of micro businesses include:

a. Farming business owners and individual cultivators, breeders, fishermen and cultivators.
b. Food and beverage industry, wood and rattan processing furniture industry, blacksmith industry for making tools.
c. Trading businesses such as street vendors and market traders etc. Chicken, duck and fisheries breeders.
d. Service businesses such as workshops, beauty salons, motorcycle taxis and tailors (convection).

3. RESEARCH METHODOLOGY

3.1 technique Analysis

The data analysis technique used in this study was simple linear regression analysis with the help of the SPSS 25 program. Before the simple linear regression analysis was carried out, classical assumption tests were first carried out which consisted of: normality , heteroscedasticity, and multicollinearity tests.

a. Classic assumption test

1) Data Normality Test

The Normality Test aims to test whether in the regression model, the confounding or residual variables have a normal distribution. The normality test aims to determine the distribution of data in variables that will be used in research and should be done before the data is processed based on research models .

2) Heteroscedasticity Test

Heteroscedasticity Test A regression model is said to contain heteroscedasticity if there is inequality of the variance of the residuals from all other observations, if the variance of the residuals from one observation to another observation remains, then it is called homoscedasticity. If the variants are different, it is called heteroscedasticity. The nature of this heteroscedasticity can make the estimation in the model inefficient. In general, heteroscedasticity problems are more common in *cross-sectional* data than in *time-series data* .

3) Multicollinearity Test

Multicollinearity test is defined as a

situation where one or more independent variables can be expressed as a collinear combination of other variables. The purpose of the multicollinearity test is to find out whether in the regression a correlation is found between the independent variables, if a correlation is found it means that it contains a multicollinearity problem. Several methods are used to detect multicollinearity, namely: (1) If the $R^{2\ test}$ is high enough (0 .7 - 0.1), but the t statistical test at the significant level of the independent variable is very little or not significant. (^{2}) A high R2 is a sufficient condition, but this condition is not a necessary condition for multicollinearity to occur, because in a low R2 $<$ 0.05 multicollinearity can also occur. (3) Regressing the independent variable X with other independent variables, then calculating R^{2} with the F test: If F*>F table means Ho is rejected, there is Multicollinearity if F*<F table means Ho is accepted, not in a model one of them by looking at the correlation coefficient which is greater than 0.8 , there are symptoms of multicollinearity (Syamsul, 2012).

b. Simple Linear Regression Analysis

After testing the classical assumptions , the next step is to do a simple linear regression analysis . Simple linear regression analysis is done by making the regression equation as follows:

$$\mathbf{Y = a + bX ,}$$

where :

Y : Dependent variable (Capital)
X :Independent Variable (Income)
a : Intercept
b : Regression Coefficient

c. Statistic test

1) Determination Coefficient Test (R^{2})

The R2 test ^{is} used to find out how much the regression model is in explaining the dependent variable and measuring the *goodness of fit of a model* . Or in other words, the determinant coefficient shows the variation in the decrease of the Y variable which is explained by the linear effect of X. The determinant coefficient value is between 0-1, if the determinant coefficient value is close to 0 (zero), this means that the ability of all independent variables to explain the dependent variable is very limited. If the value of the determinant coefficient is close to 1 (one), this means that the independent variables almost provide explanatory information in predicting the dependent variable.

2) Partial Test (t -test)

The test used to determine how much influence each independent variable has on the dependent variable in a regression model. Ho hypothesis formulation : $\beta1 = \beta2 = 0$, meaning that simultaneously there is no influence of the independent variable on the dependent variable. Ha : $\beta1 \neq \beta2 \neq 0$, meaning that there is an individual influence between each independent variable on the dependent variable. In making decisions in this study, the authors used $\alpha = 0.05$ if the probability of the independent variable was > 0.05, then the hypothesis Ho was accepted, meaning that the independent variable partially had no effect on the dependent variable.

4. RESULTS AND DISCUSSION

4.1 Results Discussion Study

Capital has a positive and significant effect on the income of micro-enterprises in Samaturue Village, Tellu Limpoe District, Sinjai Regency. This is evidenced from the results of data processing where a regression coefficient value of 0.270 is obtained and a significant value of 0.000 is smaller than 0.05 (0.000 <0.05), it is also proven that the calculated t value is greater than the t table value (6.917 > 2.100) .

The characteristics of micro-enterprises in Samaturue Village, Tellu Limpoe District, Sinjai Regency , which were sampled consisted of seven types of businesses, namely: grocery stores, workshops, selling fruits, selling fertilizers, selling groceries, food/culinary, and building materials shops. Of the seven types of business, the most dominant is the type of grocery store business. This shows that the majority of micro-enterprises in Samaturue Village are in the form of grocery stores. The

grocery store is a business selling mixed goods which are generally the daily needs of residents.

Capital has a positive and significant effect on income, meaning that if micro business capital increases, the micro business income will also increase or experience a significant increase. This also indicates that capital is a very important factor in supporting the size of a business's income as stated by Suyadi Prawirosentoso (2007) that capital is a very important factor for every business, whether small, medium or large scale .

5. CLOSING

5.1 Conclusion

Capital has a positive and significant effect on the income of micro businesses in Samaturue Village, Tellu Limpoe District, Sinjai Regency . This is evidenced from the results of data processing where a regression coefficient value of 0.270 is obtained and a significant value of 0.000 is smaller than 0.05 .

5.2 Suggestion

The suggestions that the author can put forward are as follows:

a. The influence of business capital on micro business income should be a consideration for the local government to provide convenience for micro business actors in obtaining business capital because it is well known that the micro business sector is a sector that makes a major contribution to economic growth both regionally and nationally.
b. Micro business is an economic sector that continues to contribute to national economic growth even though the whole world is being hit by the co-19 pandemic, so that both the central and regional governments in issuing their policies regarding the handling of the co-19 pandemic still consider the sustainability of micro-businesses in the regions.
c. Further research should be carried out regarding the effect of capital on micro business income at different research objects or locations.

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