

## **PKM Analysis of Working Capital and Return to Main Livestock Business B2 Likupang District, Minahasa Utara**

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### **ABSTRACT**

In the main coastal area in Likupang District, there are still many B2 farmers who release their livestock freely (without pens). Farmers who do not breed B2 livestock, the majority of the reason is that they are less able to buy fodder regularly. According to them, if it is grounded it will require a very large cost to buy food, whereas if left (released) B2 will find its own food so that the owner does not spend high feed costs. Also, the ability to calculate working capital and analyze home a very important point in conducting livestock business B2. And the results of observations and interviews with B2 livestock owners, concluded that their financial abilities were mostly inadequate. Constraints faced by B2 breeders in Likupang District are the value of entrepreneurship that indeed requires a long term to change, the traditional habits of farmer management are still strong, consistency and continuity of assistance is still lacking, Tolerance of surrounding communities to B2 animals released is still quite high (tolerant) However, there is still no professional B2 livestock group, the cost for cages is high and B2 animal feed costs are high. After counseling, there is an increase in B2 farmers' understanding of the importance of working capital and return home. B2 breeders are motivated (temporarily) to want to plant their livestock.

Keywords: working capital, return home, breeders, pigs, northern Minahasa

### **INTRODUCTION**

Another coastal sub-district, namely Likupang Timur District, is one of the coastal sub-districts in North Minahasa Regency, with 13 coastal villages out of a total of 15 villages. The livelihood of the majority of the population is fishermen (70%), trade (13%), farmers (10%), and civil servants (7%). In this service, the court team will focus on pigs, which are productive businesses, as one of the trade commodities of the community. Pigs in this context are valuable investment assets. Besides that, pigs also function as consumption, which will be slaughtered and cooked for both private and public events. So, this pig has business and non-business functions.

Pigs as a business function, of course, must be managed in a modern and professional manner. The preliminary observations indicate that the management of pigs in the eastern districts of Lupupang is still traditional and still uses a hereditary approach. There are many cases where pigs are still being released and wandered (not stranded), although in recent times there have been instructions from the government so that pigs must be grounded. This is to maintain cleanliness, health and control over diseases that can be transmitted to humans through these pigs.

In terms of financial management, traditional farmers usually face short-term financing problems. Short-term financing is working capital. Working capital is basically the availability of short-term money (under 1 year) that is used to guarantee business operations / activities. For traditional farmers, working capital means cash (cash) and is

also equivalent to cash (for example: savings). For traditional farmers who do not have savings and fixed income, working capital will be a big problem for the continuity of their livestock activities. This is one reason why there are still people who do not hold their pigs. So, effective and efficient working capital management will be very important for pig farmers in East Likupang.

Another aspect that is closely related to financial management, which pig farmers should know in East Likupang is the calculation of the principal return. BEP (break event point) shows the point where sales = cost or profit = 0, so the emphasis is on sales and quantity aspects. Indeed, the application of this method is more appropriate for professional pig farmers, but also for traditional farmers. For traditional farmers (who still do not anchor their pigs), with the government's call to anchor it is important for them to know how much BEP they want to traditionally raise pigs. So, in our opinion, these two types of farmers, the understanding of BEP is very important.

The main problem of pig farmers in Likupang Timur is their lack of understanding of the analysis of basic working capital and return to their livestock business. Their knowledge and understanding of working capital and return home is still very minimal so that it will affect their perceptions of the activities and behavior of professional pig farms. At least they should have an understanding and knowledge of aspects of working capital management and principal analysis. Although in the long run the problem with partners is actually working capital assistance from regionally owned companies and from banks. However, if the working capital assistance is in the form of short-term soft loans, then the knowledge of the management of working capital and analysis of the principal return will actually be more important for them.

## **Literature Review**

### **Working capital**

Working capital basically reflects the ability of a company or business owner to finance its operations. Working capital consisting of the concept of clean and dirty working capital. Dirty working capital is basically the amount of current assets owned by the company or business owner (cash, equivalent to cash, receivables, inventories), while the working capital is gross working capital reduced by current liabilities or short-term liabilities. Salain according to Riyanto (1995: 54) working capital can be divided into two, namely first, permanent working capital, namely working capital that must remain in the company to be able to carry out its functions and second variable working capital, namely working capital whose amount changes according to needs business.

In companies, working capital is used to pay for company operating costs such as payment of wages, salaries, purchases of materials or merchandise, office supplies and payment of other costs (Munawir, 1999: 125). To benefit from the availability of working capital in the company or business owner is the operation of the company's operational activities or business activities and being able to pay short-term obligations. So basically, the benefits of working capital are guaranteed company or business liquidity. (Riyanto, 1995: 56-57).

### **Home Return Analysis**

Basically, home principal analysis refers to the point or volume or quantity where total sales equal total costs. At this point or volume or quantity, the company or business owner does not suffer losses but also does not benefit. If the business owner only covers

variable costs and only part of the fixed capital, the business owner will suffer losses. Instead it will benefit, if sales exceed variable costs and fixed costs incurred (Alwi, 2006). Analysis of the principal return, in general, can provide information to business owners, how the pattern of the relationship between sales volume, cost and the profit to be obtained in certain sales labels (Alwi, 2006). The principal return analysis can help business owners make decisions including:

1. The lowest amount of sales that must be obtained so as not to gain or lose
2. The amount of sales that must be achieved to make a profit.
3. How to keep sales down so you don't suffer losses.
4. To find out the effect of prices, costs and sales volume on profits to be obtained.

### **Methods and Techniques for Implementing Ipteks**

#### **1. Science and Technology Application Method**

Based on the problem of partners, the method of applying science and technology is providing counseling. The counseling method that combines the lecture approach, active dialogue and discussion with partners is the most appropriate approach because it will provide additional knowledge to partners and at the same time the dedication team will receive feedback in the form of cases or major problems faced by partners in the field. Thus, there will be an exchange of information and knowledge between the service team and partners, this approach will provide the effectiveness of achieving better and more accurate service goals.

#### **2. Science and Technology Implementation Technique**

For the technique of applying science and technology, use the following stages; (1) Prepare participants to take part in this counseling, (2) Provide other places and facilities needed (3). Participants are notified so they can play an active role in the discussion. The implementation phase is carried out by: (1) First the team gives a short lecture on working capital and analysis of the principal return (2) Together with partners then discuss (question and answer) concepts that are not understood. Partners basically reveal what happened in the field and the team provides advice or recommendations on the partners' problems. (3) For specific cases the team and partners exchange information to try to get the best solution from the case. (4) At the end of the counseling the team will again state the subject matter and the solution discussed. For the evaluation phase, it is done by assessing the mastery of the material and their way of thinking. If the pattern of thinking and knowledge (during counseling) they increase, it can be said that extension material is successful.

The subject matter in counseling concerns: The importance of professional small business management, the basic concept of working capital, the basic concept of principal return analysis, the practice of working capital management practices, cases and solutions in working capital analysis and cases and solutions in principal return analysis, so that implementation The Community Partnership Program (PKM) is expected to produce outputs in the form of: Extension participants understand the importance of professional small business management. Extension participants understand the basic concepts of working capital. Extension participants understand the basic concepts of principal return analysis. , Extension participants understand cases and solutions in working capital analysis and extension participants understand cases and solutions in principal return analysis.

## RESULTS AND DISCUSSIONS

### Overview of Science and Technology Application Objects

Another coastal sub-district also, namely Likupang Timur District, is one of the coastal sub-districts in North Minahasa Regency, with 13 coastal villages out of a total of 15 villages. The livelihood of the majority of the population is fishermen (70%), trade (13%), farmers (10%), and civil servants (7%). In this service, the court team will focus on pigs, which are productive businesses, as one of the trade commodities of the community. Pigs in this context are valuable investment assets. Besides that, pigs also function as consumption, which will be slaughtered and cooked for both private and public events. So, this pig has business and non-business functions

### Discussion

#### Field Gaps

There are several key gaps in the field that can be identified, namely: Livestock B2 that is released freely. The results of observations in the field, there are two types of breeders B2: namely those which are grounded and those that are not grounded (left loose). In the main coastal area in Likupang District, there are still many B2 farmers who release their livestock freely (without pens). From the results of interviews with livestock owners and local village officials, information was obtained that farmers who did not hold B2 livestock, the majority of the reason was that they were less able to buy fodder on a regular basis. According to them, if it is grounded it will require a very large cost to buy food, whereas if left (released) B2 will find its own food so that the owner does not spend high feed costs. This condition has indeed been done by B2 breeders there for a long time, although lately, the village government has banned livestock B2 if it is not grounded.

Enclosure Conditions That Do Not Meet Environmental Health Requirements. Many B2 cages are on the banks of rivers and residential areas that do not meet the environmental health elements. This causes B2 impurities to flow directly into the river, this will cause health problems in the future.

Less Adequate Breeders Ability and Financial Management. the ability to calculate working capital and analyze home a very important point in conducting livestock business B2. And the results of observations and interviews with B2 livestock owners, concluded that their financial abilities were mostly inadequate. Indeed, there are only a few B2 breeders (cages) who can afford to buy raw materials. The raw materials purchased are: tofu dregs and animal feed while those that are not purchased are leftovers from vegetables and the like that are obtained by farmers on the lupice market.

From the results of observations, there are several issues in the field, namely:

1. B2 farmers in Likupang sub-district lack knowledge of working capital and basic return conditions from livestock business B2
2. The ability to predict working capital requirements is very minimal
3. Returning to the main business, many breeders do not care about it, for most of them livestock B2 can be consumed alone if there are personal or family needs.
4. B2 business scale is a small-scale business (total number <10 animals)
5. The experience of B2 breeding comes from parents and self-study.
6. training on working capital and return home has never been received by B2 farmer

The solution applied is the first stage, is training. The aim of the training is to create awareness of farmers about the analysis of working capital and home business. Both of these are very important because it involves the development of business and changing the way of thinking of non-cage raising. Second, is mentoring. Aim: to monitor business development and provide advice on managing working capital and return home on an ongoing basis. For long-term assistance, cooperation with various parties is needed starting from the head of guard, to the village, sub-district head, police, the general public and other stakeholders. For the first stage, discussions and lectures were conducted on the importance of working capital and return home. Basically, the material given and discussed concerns:

1. the concept of working capital
2. gross work mode and net
3. effective working capital management
4. concept of principal return (BEP)
5. Determination of selling prices based on BEP and working capital issued
6. general management of livestock business

Constraints faced in the field are

1. the value of entrepreneurship does indeed need a long term to change it
2. Traditional habits of farmer management are still strong
3. The consistency and sustainability of mentoring is still lacking
4. The tolerance of the surrounding community to livestock B2 which is released is still quite high (tolerant)
5. Professional B2 livestock groups still don't exist
6. the cost for the cage is high
7. B2 animal feed costs are high

## **CONCLUSIONS**

Based on the results of counseling, some conclusions were obtained, namely:

1. Initial outreach participants or partners do not understand the importance of working capital and principal return analysis, but after counseling their knowledge increases.
2. There is awareness to view the pigs, but they need working capital assistance to make cages and animal feed
3. For behavior change does require a relatively long time, but initial awareness is important for pig farmers to move from traditional to professional.

## **Suggestion**

Based on the conclusions, the suggestions are formulated as follows:

1. An injection of working capital is needed from both the regional public company and the banking sector.
2. Long-term assistance is needed to ensure that there is a change in behavior of professional pig farmers

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