

## ANALYSIS OF THE INFLUENCE OF CAPITAL AND BUSINESS DURATION ON THE INCOME LEVEL OF SMEs (Case Study at CMC Cake Shop)

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### Abstract

The development of Micro, Small and Medium Enterprises (MSMEs) in Indonesia is getting faster and more advanced. The problems of obstacles and obstacles faced by MSME entrepreneurs in increasing income are very complex and include several aspects which are closely related to one another, including: lack of managerial skills and skills in operating as well as the absence of legal sources from the company, weak organization and limited marketing, lack of capital both in quantity and sources. Therefore, business actors only get unstable or fluctuating profits in their business, therefore the author wants to examine the Analysis of the Effect of Capital and Length of Business on the Income Level of Umkm Cake Shop Cmc located in Keude Buloh Blang Ara, kec. Kuta Makmur, Kab. North Aceh. The founder and owner of Umkm is Mrs. Marlina, S.Pd. who lives in the village of Ceumeucet, Kec. Kuta Makmur, Kab. North Aceh. The target in this study was the owner of the Cmc Cake Shop. The researcher used a qualitative research approach, namely the interview method used to collect data related to business capital, length of business, and income of UMKM UKM Cake Shop traders. The results of this study indicate that the length of business is very closely related to the income of MSMEs. The long term of business also makes customers believe that these MSMEs are good MSMEs. From this it can be concluded that the relationship between business length and income is positive. Business capital is also one of the variables that play an active role in influencing the income level of UMKM CMC cake shops.

**Keyword :** Influence of capital, length of business , income.

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### INTRODUCTION

The development of Micro, Small and Medium Enterprises (MSMEs) in Indonesia is getting faster and more advanced. Micro, Small and Medium Enterprises (MSMEs) are trading businesses managed by business entities and individuals who have met the criteria as micro-enterprises, namely those stipulated by Law Number 20 of 2008. MSMEs are one of the backbones of the State to improve the economy. The existence of MSMEs is expected to increase the economy or income in Indonesia. The government seeks to assist the development of MSMEs in Indonesia by providing business capital loans/credits. The government hopes that the existence of business capital loans/credits will be able to boost the level of income of business actors. MSMEs have contributed to increasing national income, employment, increasing income for the wider community. The MSME sector often utilizes sources from agriculture, plantations, animal husbandry, and trade.

The problem of obstacles and obstacles faced by MSME entrepreneurs in increasing income is very complex and includes several aspects which are closely related to each other, including: lack of managerial ability and skills in operating and the absence of legal sources from the company, weak organization and limited marketing, lack of capital both in quantity and sources. In running a business, sufficient funds are needed so that the business runs smoothly and can develop. Then there are not a few businesses that have been around for a long time but the income earned is still low. Ideally, the longer a business has been established, the greater the chance of progress and the higher the income, because work experience and mastery of skills enable business owners to innovate and be creative.

Therefore, business actors only get profits that are unstable or fluctuate in their business. Business actors are unable to get income that continues to increase. Conditions like this are very unfavorable for business actors so that MSMEs need to receive special attention in terms of development and empowerment. The income level of MSMEs

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is strongly influenced by several things determinants of income include the length of time the business and business capital. Therefore the author wants to examine **the Analysis of the Effect of Capital and Length of Business on the Income Level of MSMEs Cake Shops Cmc.**

## RESEARCH METHOD

The target of this study involved parties from the owner of the UMKM cake shop, Cmc. The researcher used a qualitative research approach. The data collection technique in this study was the interview method which was used to collect data related to business capital, length of business, and income of UMKM cake shop Cmc traders.

The questions posed by the group to MSME owners are as follows:

1. What is the name of the mother/founder of this business?
2. Can you tell me a little about the history of the establishment of this UMKM?
3. Since when was this business founded?
4. How many employees do you have?
5. How much is the initial capital in opening this business and where does the initial capital come from?
6. How much capital is issued per month and where does this capital come from?
7. How much do these MSMEs earn per month?
8. Does MSME income continue to increase/decrease/fluctuate?
9. Does your mother have financial books? If so can we have a look?

## RESULTS AND DISCUSSION

### Results

CMC cake shop is one of the Umkm located in Keude Buloh Blang Ara, kec. Kuta Makmur, North Aceh District. The founder and owner of Umkm is Mrs. Marlina, S.Pd. who lives in the village of Ceumeucet, Kec. Kuta Makmur, Kab. North Aceh UMKM itself has been established since 2018, which means that the CMC cake shop business has moved 5 years. At first, Marlina's mother only opened a business at her home by accepting orders from her neighbors to make cakes for celebrations, holidays, and other occasions. As time progressed, Mrs. Marlina took the initiative to open a cake shop named CMC in the Keude Blang Ara area, which is one of the community shopping centers in the Kuta Makmur area, so that the market place became wider than before and turnover also increased and now she has a employee at the shop.

The initial capital issued by Ms. Marlina to open this MSME was Rp. 15,000,000, - and this capital comes from itself. Meanwhile, Ms. Marlina spends Rp. 3,000,000, - for production costs and other costs. This monthly capital is obtained from last month's sales profit where the profit is turned back into capital for the next month. This MSMEs have income that fluctuates or fluctuates every year. However, the average income of these Umkm is Rp. 5,000,000,-/ month. The following table shows the amount of capital and income for the cmc cake shop in 2021

No	Month Name	Initial capital	Total Income
1	January	Rp. 3,000,000.00,-	Rp. 5,100,000.00,-
2	February	Rp. 3,000,000.00,-	Rp. 4,800,000.00,-
3	March	Rp. 3,000,000.00,-	Rp. 5,300,000.00,-
4	April	Rp. 1,500,000.00,-	Rp. 2,400,000.00,-
5	May	Rp. 4,000,000.00,-	Rp. 6,350,000.00,-
6	June	Rp. 3,200,000.00,-	Rp. 5,550,000.00,-
7	July	Rp. 3,500,000.00,-	Rp. 5,800,000.00,-
8	August	Rp. 3,000,000.00,-	Rp. 5,470,000.00,-
9	September	Rp. 3,000,000.00,-	Rp. 5,200,000.00,-
10	October	Rp.3.000.000.00,-	Rp. 5,000,000.00,-
11	November	Rp. 3,000,000.00,-	Rp. 5,380,000.00,-
12	December	IDR 3,000,000.00,-	Rp. 5,200,000.00,-
Total		Rp. 36,000,000.00,-	Rp. 56,550,000.00,-

## Discussion

### Hypothesis test

#### The influence of capital on the income of the cmc cake shop

The initial capital issued by Ms. Marlina to open this MSME was Rp. 15,000,000, - and this capital comes from itself. As for per month, Ms. Marlina spends IDR 3,000,000 for production costs and other expenses. This monthly capital is obtained from last month's sales profit in which the profit is rolled back into capital for next month.

Business capital is one of the variables that plays an active role in influencing the income of UMKM CMC cake shops. Working capital that is available in sufficient quantities allows CMC cake shop SMEs to operate economically and not experience financial difficulties and when business capital is added, traders can buy goods in large quantities and are more varied according to the needs of buyers so that sales increase which also has an impact on increasing income.

The assumption is that with large capital, the variety of merchandise will increase, with the large amount of business capital owned, it will allow for a greater number and types of merchandise. So that this diversity of merchandise will attract buyers to buy existing merchandise so that income will increase (Ardiansyah, 2010). It can be concluded that the relationship between business capital and income is positive.

#### Effect of length of business on cmc cake shop income

The length of business is very closely related to the income of these MSMEs, at the beginning of their establishment, these MSME customers were still relatively few, but over time these MSMEs began to be recognized by the public, especially their location in front of the main road, making people passing by stop at the shop. that, being satisfied with the good service and quality products makes people come back again and the longer the customers continue to grow so that the income from these MSMEs continues to increase.

The long term of business also makes customers believe that these MSMEs are good MSMEs. Because it is able to survive through competition with other cake shops in the area, so that the image of this UMKM is good in the eyes of the public and thus customer loyalty can be obtained easily. This shows that the length of business has contributed to increasing the income of the CMC cake shop, which with the length of time this MSME business can attract customers to buy cakes here and income also continues to increase. This is in line with the theory of Khasan & Ana (2018) which states that "Length of business is an important thing that can affect income, the longer a person does his business, the more mature and appropriate strategy he will have in managing, producing and marketing his products."

The length of time the entrepreneur conducts his business provides an important influence on the choice of strategy and method of doing business. Entrepreneurs who take longer to run their business will have a more mature and precise strategy in managing, producing and marketing their products. Because entrepreneurs who have high flying hours in their business will have experience, knowledge, and be able to make decisions in every condition and circumstance. In addition, entrepreneurs with more experience and length of business will indirectly get an extensive network or connections that are useful in marketing their products. From this it can be concluded that the relationship between length of business and income is positive.

#### The effect of capital and length of business on the income of the smc cake shop

From the answers to the first and second problem formulations, it can be seen that the two research variables, namely capital and length of business, both have an effect on the income of the cmc cake shop. The greater the capital, the more production can be carried out and the longer a business has been established, the wider the relations obtained in the sale of products, so that income increases. So the two variables together have a positive effect on increasing the income of the cmc cake shop.

## CONCLUSION

Working capital that is available in sufficient quantities allows CMC cake shop SMEs to operate economically and not experience financial difficulties and when business capital is added, traders can buy goods in large quantities and are more varied according to the needs of buyers so that sales increase which also has an impact on increasing income. From this it can be concluded that the relationship with working capital has an effect on increasing the income of the ue cmc store.

The long term of business also makes customers believe that these MSMEs are good MSMEs. Because it is able to survive through competition with other cake shops in the area, so that the image of this UMKM is good in

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the eyes of the public and thus customer loyalty can be obtained easily. This shows that the length of time of business has contributed to increasing the income of the cmc cake shop

From the previous explanations, it can be concluded that capital and length of business have a positive influence on the income of MSMEs CMC cake shops in Keude Buloh Blang Ara, Kec. Kutamakmur, Kab. North Aceh.

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