

## Efficiency of Increasing Working Capital for MSMEs in Tanjung Jabung Timur

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### Abstrak

Working Capital Efficiency is the accuracy of the way (effort and work) in carrying out something that does not waste time, energy, cost and usefulness related to the use of working capital, namely trying to ensure that the available working capital is neither excess nor deficiency. The importance of this working capital efficiency analysis for the growth of superior SMEs in East Tanjung Jabung, the researchers conceptualized research on working capital efficiency in East Tanjung Jabung. This study uses a qualitative approach with a descriptive model. The informants used in this study consisted of 12 business actors in the MSME sector. The analysis used in this research is data reduction, data presentation, and conclusion drawing. The data findings show the harmony between the supporting theory and the reality in the field that efficient working capital will determine profits. This finding encourages MSME actors and the government to always pay attention to their working capital and financial management. Furthermore, to improve the MSME sector, of course, the entrepreneurial spirit of the community is also needed so that new entrepreneurs can emerge who can create business activities and create jobs.

**Kata Kunci:** *MSMEs, Working Capital, Tanjung Jabung Timur.*

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### PENDAHULUAN

Working capital is a number of funds used to finance daily business operations within a certain time (Godswill et al. 2018; Bhattacharya, 2021;). Working capital is one of the company's resources used to carry out daily operations, and is an important component compared to other financial components. Working capital management is one of the important aspects of overall financial management (Al-Abass, 2018; Martín-García & Morán Santor, 2021). This is because, high working capital does not necessarily mean that the business that is run will get high profits as well. Thus, working capital management must be carried out efficiently and effectively (Kasozi, 2017; Altaf & Shah, 2018).

Excessive working capital indicates the existence of unproductive or idle funds, and this will cause losses for Micro, Small and Medium Enterprises (MSMEs) because opportunities to earn profits cannot be achieved (Lyani, 2017; Yehui & Serrasqueiro, 2019). On the other hand, if working capital is not sufficient, it will cause the failure of an MSMEs.

**Tabel 1.**  
Department of Cooperatives and MSMEs Tanjung Jabung Timur.

No	Regency	Business			Labor	asset	omset
		mikro	small	Total			
1	Muara sabak barat	1.402	50	1.452	740	24.455.356.000	2.525.685.456.353
2	Muara sabak timur	1.810	26	1.836	1033	16.245.366.000	1.245.574.467.000
3	Rantau rasau	1.951	4	1.955	884	9.245.584.470	328.354.646.000
4	geragai	1.292	84	1.376	420	37.245.674.000	3.563.674.575.000
5	Nipah panjang	2.615	16	2.631	15.90	15.245.643.000	1.134.546.367.000
6	mendahara	1.319	6	1.325	943	6.574.488.900	477.585.467.000
total		10.389	186	10.575	4.021	109.012.112.370	9.275.420.978.353

Source: Department of Cooperatives and MSMEs Tanjung Jabung Timur

Tanjung Jabung Timur is an area that has adequate home industry potential with the main source of raw materials, namely the vast sea. For example, the home industry includes the business of fish crackers, shrimp crackers, firewood and many other processed snacks with the main ingredients from marine products because East Tanjung Jabung Regency is an abundant producer of marine products by the surrounding community. Many people take advantage of the situation and circumstances by processing them into special food souvenirs with economic value for the surrounding community (Umaya, Soekmadi & Sunito 2020).

The existence of MSMEs cannot be doubted because they have proven to be able to survive and become the driving force of the economy, especially after the economic crisis (Odoom et al. 2019; Nath & DasGupta 2021; Anisa, 2021). MSMEs have helped and helped people who lack capital to move and run their businesses with the help of working capital. On the other hand, MSMEs also face many problems, namely the limited working capital of low human resources and the lack of mastery of science and technology. MSMEs in running their daily business always need working capital (Bhattacharyya & Jagadeesh 2018; Ali, Gongbing & Mehreen, 2018; Mohd Tahir & Mohd Ashhari 2020). Likewise, home industry MSMEs in Tanjung Jabung Timur.

**Table 2**  
Home industry MSMEs in Tanjung Jabung Timur

Years	Kind of business	Working capital	Income
2018	Kerupuk ikan dan kerupuk udang	Rp 11.000.000	Rp 19.000.000
2019	Kayu api	Rp 15.000.000	Rp 10.000.000
2020	Frozen food	Rp 14.000.000	Rp 16.000.000

## Source: Research Field Data

From the table above, the home industry in 2018-2020 fluctuated up and down the amount of working capital of the people of East Tanjung Jabung which the researchers examined only used internal capital. From the table, it can be seen that the increase in working capital in 2019 but profits decreased because it was not in line with the theory of the statement of the relationship between working capital and profit according to Martono who said that "high working capital means high profits", but in line with the opinion of Munawir's theory. "High working capital does not necessarily mean high profits. Effective capital management is very important for the growth of business continuity in the long term (Pettit et al. 2019; Stachová et al. 2019), if meeting the working capital needs of MSMEs is considered a waste of working capital use (Fatmawati 2019; Rajendhiran, Lalithchandra & Rajendhiran 2021), moreover the working capital comes from loans (Mahmoudzadeh, Nili & Nili 2018; Seth et al. 2020), so it is necessary to regulate working capital turnover to achieve a balance between working capital that is optimal. Required with available working capital (Haralayya 2021). So, in this case, the management of working capital in MSMEs must be designed and implemented efficiently.

Based on the imbalance between theory and reality, researchers will seek additional information on working capital efficiency. So, considering that the problem of capital is an important factor in a business, so that research on the importance of working capital efficiency needs to be investigated further. The researcher formulates the research problem to be; How is the efficiency of working capital for MSMEs in Tanjung Jabung Timur? What is the level of working capital to benefit MSMEs in Tanjung Jabung Timur?

## METODOLOGI

This research uses qualitative research with descriptive analysis (Mohajan 2018.). This research is a research conducted with the aim of exploring and developing various information related to micro and MSMEs in the Tanjung Jabung Timur area. Researchers will look at various phenomena and evidence as well as the types of activities that exist and support the running of MSME businesses in Tanjung Jabung Timur. The sample of this study used purposive sampling, so that it consisted of 6 respondents from Micro Trade and 6 SMEs from the agricultural/plantation sector. Sampling method, stages of work and method of analysis will be explained in the study. Finding data were analyzed using three stages, namely: data reduction, data presentation and conclusion.

## PEMBAHASAN

Tanjung Jabung Timur Regency was formed based on Law No. 54 of 1999 in conjunction with Law No. 14 of 2000 with an area of 5,445 Km<sup>2</sup> or 10.2% of the total area of Jambi Province, but in line with the enactment of Law no. 27 of 2007 concerning Management of Coastal Areas and Small Islands and Regional Regulation no. 11 of 2012 concerning the Spatial Planning of the Tanjung Jabung Timur Regency in 2011 – 2031,

the area of Tanjung, Abung Timur includes waters and 27 small islands (11 of which have not been named) to 9,005 Km<sup>2</sup> consisting of land covering an area of 25,445 Km and seas/waters covering an area of 3,560 2 Km . Besides that, it has a beach length of about 191 km or 90.5% of the length of the coast of Prov. Jambi (Muhammad & Yusuf 2020; Suryani 2021).

Micro, Small and Medium Enterprises (MSMEs) in Tanjung Jabung Timur district are run by the head of the family as many as 10 people, the rest are run by 2 housewives. Meanwhile, if this business is run by housewives, this business is a side business in meeting family needs (Zulfanetti, Z., Octavia & Erida 2018; Umiyati et al. 2019). Based on the level of education, as many as 6 entrepreneurs only had education up to elementary school, 4 people with junior high school education and the rest 2 people with high school education. Furthermore, based on age characteristics, most of the entrepreneurs are in the age of 40 years and over. With the condition of a relatively old age level and a relatively low level of education (Gidron & Hall 2017), it has an impact on the development of the business being carried out (Nagy 2018), especially related to the low creativity and lack of development in the business activities carried out (Hoogendoorn, Van der Zwan & Thurik, 2019).

The MSMEs studied have a relatively varied length of commercial operation, ranging from those who have just opened a business to businesses that have been operating for more than 20 years (Chang & Kock, 2021). Based on the status of the business entity, the Micro, Small and Medium Enterprises (MSME) units studied were all individuals with a business scale including the micro business group (labor less than 5 people). In addition, generally these entrepreneurs do not join the membership of the local cooperative organization, and only a few people join the cooperative organization. Based on the business capital used, the majority of these Micro, Small and Medium Enterprises (MSMEs) use their own capital and only some of the entrepreneurs use loan capital assistance.

From the results of observations and direct interviews above to interviewees to seek answers from informants, the author found that from 12 home industry sources, 9 interviewees said that working capital investment or additions from external capital could increase profits for them because they felt helped by many who have the skills and abilities. expertise but cannot develop to advance in entrepreneurship due to lack of capital but with the existence of regional cooperatives, especially the Tanjung Jabung Timur district they are very happy and helped especially with the development of the MSME cluster, the remaining 3 informants said that the working capital they used and used did not show significant benefits. significant because of the constraints that occur in their field or area, such as the low price of palm oil and other unanticipated needs

From the relevant data, the development of MSMEs in the East Tajung Jabung area is quite rapid but its existence is still difficult to reach for rural areas and there are still few people who run this MSME sector, many businesses or products from MSMEs are not running because of lack of capital or even lack of market share for they colonized the produce of the land and the work of his hands.

Thus, business investors from various financing sectors are needed, especially micro shop-based financing (Kubzansky, Cooper & Barbary 2019). There are only a few banks that can provide financing/funding for people in rural areas. So the role of banks/cooperatives in this case micro banking can be more active in providing working capital to micro business actors by using guarantees that can be adjusted to their business potential. Lack of capital is one of the problems in the development of micro-enterprises. In addition, the formation of MSME clusters is intended to facilitate micro-business actors in developing their MSME business segmentation. In this case, the MSME sector has not been well segmented.

## **KESIMPULAN**

The MSME sector has a very strategic role for the Indonesian economy because this sector is one of the economic sectors that contributes greatly to the formation. In addition, MSMEs are an alternative solution for social problems such as poverty and unemployment. Even MSMEs are also one of the economic sectors that have been proven to be able to withstand the shocks of the crisis so that the economy continues to run. Efforts to empower the community through increasing MSMEs need to be carried out by both the government and business actors themselves. In terms of capital, the efforts that have been made by the government have been quite good, starting from the people's business credit (KUR) program to a policy package that favors MSMEs. In terms of marketing, MSME development strategies can take advantage of the current growth of the internet. MSME actors can open up opportunities to expand their market reach through e-commerce and social media networks. For the distribution of MSME products to customers, MSME actors can take advantage of the growth of a large number of delivery service companies, both at local and national levels. profession. With the entrepreneurial spirit of the community, the community will be able to survive in any conditions and be able to manage risks so that their business activities can run well.

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