
Analysis of Working Capital for Micro, Small, and Medium Enterprises (UMKM) Tiga Dara, Banawa District, Donggala Regency

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Abstract

This study aims to determine the management of working capital in Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala Regency, and to find out the contribution of working capital management efficiency to operating profits in Tiga Dara Micro, Small, and Medium Enterprises District of Banawa, Donggala Regency. This research is quantitative research with a descriptive approach using secondary data in the form of financial reports for Micro, Small, and Medium Enterprises in Tiga Dara consisting of a profit and loss report and a balance sheet for January to June 2021. The data analysis technique in this study uses ratio analysis consisting of Level Ratio Working Capital Turnover (TPMK), Return on Working Capital ratio, Return On Assets ratio, Gross Profit Margin ratio, and WratNet Profile Margin. This study shows that the level of efficiency in managing working capital at Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala Regency, is assessed from the assessment of the ratio of the level of turnover of capital working (TPMK) and the ratio of return working capital for the production of Banana Chips period months January-June 2021, is within the assessment criteria which is good so that the management of working capital for micro, small and medium enterprises is considered to be efficient. The results of the profitability analysis of Micro, small and medium enterprises in Tiga Dara Sub-district Banawa Donggala Regency show that when viewed and assessed from the ratio of Return on assets, it is in the category of poor assessment, while x x when viewed and assessed from the ratio of gross profit margin and net profit margin are in the good rating category. This means that the profitability performance of micro, small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala Regency is assessed as having an inefficient return on asset ratio. In contrast, the profitability performance of Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala, is assessed from the ginxmarx profit ratio as efficient. For this reason, efficiency is urgently needed in difficult times like today, namely the Covid 19 pandemic. Therefore, Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala Regency must maintain and improve their business efficiency by utilizing existing resources to the maximum extent possible for maximum profit.

Keywords: Working Capital; Micro; Small and Medium Enterprises; Profitability

INTRODUCTION

The main objective in developing the national economy is to strengthen the basis of the economy and play a significant role in accelerating structured change. The part in question is an increase in the region's economy and can maintain a nation's economy, especially for some tiny people. Although Micro, Small, and Medium Enterprises have an essential role and status that has excellent potential for the economy, there are still some things that this business sector could improve. The problem faced by Micro, Small, and Medium Enterprises is that of working capital (1).

Therefore, Micro, Small, and Medium Enterprises are always required to improve their work efficiency to achieve the goals expected by Micro, Small, and Medium

Enterprises, earning optimal profits. This is supported by Sugiono (2015) research, which shows that operating profit always increases. It is influenced by the results of its production (2). The higher the production yield, the higher the business capital to grow its profit.

Donggala Regency itself, Micro, Small, and Medium Enterprises have become an inseparable part of the community's economic activities in Banawa District. This is evident from many Micro, Small, and Medium Enterprises in Banawa District, one of which is Micro, Small, and Medium Enterprises, which are engaged in the food sector.

Micro, Small, and Medium Enterprises Tiga Dara are one of the Micro, Small, and Medium Enterprises in Banawa District, Donggala Regency, engaged in the food sector. Tiga Dara Micro, Small and Medium Enterprises are registered with the Department of Industry, Trade and Cooperatives, Donggala Regency, with one of the industries being the manufacture of Banana Chips, which is located on Jalan Trans Sulawesi, Lorong Rohana, Ganti Village, Banawa District, Donggala Regency. Tiga Dara Micro, Small, and Medium Enterprises produce banana chips with a total g production of 900 Kg per year with working capital of Rp. Seven million per production and operating capital for each day of Rp. 200,000, -. The income earned by Micro, Small, and Medium Enterprises in Tiga Dara is an average of Rp.200,000,- g with an average profit (profit) of Rp.100,000,- depending on the number of customer orders (Source: Micro, Small, and Medium Enterprises Tiga Dara Sub-district Banawa, 2020).

The banana chips produced by the Tiga Dara Micro, Small, and Medium Enterprises are viral because they have distinctive quality and taste. Micro, Small, and Medium Enterprises banana chips Tiga Dara is the only banana chip producer whose business location is close to tourist attractions in Donggala City, so these banana chips can become typical souvenirs in Donggala City.

The production capacity of banana chips at Tiga Dara Micro, Small, and Medium Enterprises from January to December 2020 has fluctuated. Based on the results of direct interviews researchers with the owners of Micro, Small, and Medium Enterprises in Tiga Dara in the village of ganti, Banawa sub-district, Donggala district, it was revealed that one of the main obstacles faced by Micro, Small, and Medium Enterprises Tiga Dara was the availability and management of working capital in developing a business as it is known that operating capital is the central aspect used in the development of a business. Working capital in Micro, Small, and Medium Enterprises, which is low is caused by the fact that this business is a type of business owned by an individual or Business entity whose capital comes from the owner himself, and the amount is limited to development so that it can hinder the permission.

For this reason, this study aims to determine the management of working capital in Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala Regency, and to find out the contribution of working capital management efficiency to operating profits in Tiga Dara Micro, Small and Medium Enterprises in Banawa District, Donggala Regency.

METHOD

This type of research is quantitative research with a descriptive approach. The data sources used in this study were from the Central Statistics Agency (BPS) of Donggala Regency, owners of Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala Regency, and other institutions that are still relevant to the variables studied. In this study, the data source is secondary data in the form of financial reports from January to June 2021. The researchers used the Working Capital Efficiency Ratio analysis to determine

the use of working capital in Micro, Small, and Medium Enterprises in Tiga Dara. According to Hender, the indicator for measuring operating capital efficiency is to use the following ratios:

The formula searches Working Capital Turnover Rate (TPMK):

$$\text{TPM} = \frac{\text{Sale}}{\text{Total Working Capital}} \times 1 \text{ time}$$

Returns on working capital searched by the formula:

$$\text{RWCI} = \frac{\text{Operating Income}}{\text{Current Asset (3)}} \times 100\%$$

Profitability Ratio (Operational Profit), which is used in this study Return On Assets, is a ratio that shows the results (Return) of the total assets used in Tiga Dara Micro, Small, and Medium Enterprises Banawa District, Donggala Regency. In addition, ROA measures the ability of the Tiga Dara Micro, Small, and Medium Enterprises of Banawa District to generate net income based on a certain level of assets and is considered to provide a better measure of company profitability because it shows the effectiveness of management in using assets to generate income. This ratio can be calculated using the formula formulation according to Revita 2020 as follows (4):

$$\text{Return On Assets} = \frac{\text{Net profit}}{\text{Total Asset}} \times 100\%$$

Gross Profit Margin is a ratio that measures the efficiency of controlling the cost of production or production costs, indicating the ability of the Tiga Dara Micro, Small and Medium Enterprises of Banawa District, Donggala Regency, to produce efficiently. Gross Profit Margin is the percentage of gross profit obtained by Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, with the sales achieved in the same period. This ratio can be calculated by formulating the formula according to M Firza 2018 as follows (5):

$$\text{Gross Profit Margin} = \frac{\text{Sale} - \text{HPP}}{\text{sale}} \times 100\%$$

Net Profile Margin is a ratio that shows the ability of Tiga Dara Micro, Small and Medium Enterprises in Banawa District, Donggala Regency, to generate profits compared to sales achieved. This ratio shows how significant the percentage of net profit earned by each deal is. The greater this ratio, the better the ability of Tiga Dara Micro, Small and Medium Enterprises in Banawa District to make high profits. This ratio can be calculated by formulating the formula according to Tjahjanti 2011 as follows (6):

$$\text{Net Profile Margin} = \frac{\text{Profit After Tax}}{\text{Sale}} \times 100\%$$

RESULT

Analysis of Working Capital Efficiency of Micro, Small, and Medium Enterprises Three Levels of Working Capital Turnover

Working capital is always in a state of rotation as long as the Tiga Dara Micro, Small, and Medium Enterprises of Banawa District, Donggala Regency are in a state of business. The turnover period starts when cash is invested in working capital components until it returns to money. Each working capital turnover will eventually generate current income to establish Micro, Small, and Medium Enterprises. The higher the active capital turnover rate, the more efficient operating capital will be.

Table 1. Banana Chips Production Working Capital Turnover Rate January – June 2021

Name MKM	January	February	March	April	May	June	Average
Tiga Dara	0,602 kali	0,679 kali	0,679 kali	0,679 kali	0,679 kali	0,679 kali	0,666 kali

Source: Primary data reprocessed, 2021

Table 1 explains the working capital turnover rate of Tiga Dara Micro, Small and Medium Enterprises in Banawa District, Donggala Regency, for Banana Chips production from January to June 2021 every month with an average value of 0.666 times. In January, the working capital turnover rate was 0.602 times, increased by 0.077 times in February to 0.679 times, and remained stable from March to June with an operating capital turnover rate of 0.679 times. This means that the ability of Micro, Small, and Medium Enterprises of Tiga Dara, Banawa District, Donggala Regency in the working capital turnover is relatively stable each month except in February capital turnover rate has increased.

The increase in the working capital turnover rate from January to February was due to the excellent balance between net sales and working capital in February. There was an increase. If you look at the reality on the ground this month, Tiga Dara Micro, Small and Medium Enterprises Banawa District, Donggala Regency experienced high demand from consumers because there was a demand for that month Banana Chips as a typically processed souvenir product. Regional officials to officials from outside the region visit Donggala Regency.

Thus, the working capital turnover rate for Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala Regency is quite maximal and efficient. This is indicated by the working capital turnover rate for Banana Chips production from January to June 2021, which tends to be stable monthly.

Return on Working Capital

Return on Working Capital, or the ratio of operating profit to working capital, measures the efficiency of working capital by looking at the ability to work money to generate operating profit (7). The greater this ratio means, the higher the efficiency level in working capital.

Table 2. Banana Chips Return On Working Capital Production Months January – June 2021

Name MKM	January	February	March	April	May	June	Average
Tiga Dara	8,09%	9,13%	9,13%	9,13%	9,13%	9,13%	8,96%

Source: Primary data reprocessed, 2021

Table 2 shows the Return on Working Capital in Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala Regency for Banana Chips production in January-June 2021 with an average RWC value of 8.96%. In January, the Return on Working Capital was 8.09%, increased by 1.04% in February to 9.13%, and neither decreased nor increased from March to June with the Return on Working Capital of 9.13%. This means that the ability of Tiga Dara's Micro, Small, and Medium Enterprises to Return on Working Capital is stable every month, except in February, the Return on Working Capital increased compared to January with an increase of 1.04%.

The increase in the value of Return on Working Capital from January to February was because the comparison between the calculation of operating income and working capital in February experienced a high increase, affecting the Return on working capital to be less than optimal. But from March to June, the results of calculations that have been carried out show that the value of operating income with working capital has a good comparison because, from March to June, the working capital used is less significant than the previous month. Still, the income earned is similar to the last month.

From the analysis of the level of working capital turnover and Return on Working Capital, the Micro, Small, and Medium Enterprises of Tiga Dara, Banawa District, Donggala Regency, can be said to be efficient in using their working capital. This efficiency in the use of working capital occurred because the increase in operating capital in Tiga Dara's Micro, Small, and Medium Enterprises was offset by increased sales and operations. Tiga Dara's Micro, Small, and Medium Enterprises have maximized their working capital, and the income earned is maximized; the use of working capital in increasing profits has been optimal due to the utilization of current assets and effective operations.

Analysis of Profitability (Profit) for Micro, Small, and Medium Enterprises Tiga Dara

Return On Assets

Return On Assets is a measurement of the ability of Micro, Small, and Medium Enterprises (8), Tiga Dara as a whole in Micro, Small, and Medium Enterprises.

Table 3. Banana Chips Return On Assets Production Months January – June 2021

Name MKM	January	February	March	April	May	June	Average
Tiga Dara	6,76%	6,72%	6,81%	6,58%	6,64%	6,42%	6,66%

Source: Primary data reprocessed, 2021

Table 3 shows the Return On Asset value of Tiga Dara Micro, Small and Medium Enterprises in Banawa District, Donggala Regency, for Banana Chips production from January to June 2021, with an average Return On Asset value of 6.66%. In January, the Return On Asset value obtained was 6.76% and decreased by 0.04% in February to 6.72%, but in March, the Return On Asset value increased by 0.09% to 6.81%. Still, in April, the value of the Return On the Asset again decreased by 0.23% to 6.58%, and in

May, it increased again by 0.06% to 6.64%, but in June, the value of the Return On the Asset furthermore decreased by 0.22 % to 6.42%. This means that the ability of Tiga Dara's Micro, Small, and Medium Enterprises to Return On Assets experienced a decline in February, April, and June, so it can be said that the Return On Assets value in Micro, Small and Medium Enterprises Tiga Dara experienced fluctuating conditions.

The value of Return On Assets is highest during January-June 2021, namely in February to March, where this increase can be obtained from the results of calculations made between the comparison of net income with total assets in February, total assets in March high and the net profit obtained in March is low, it can be said that the Return On Asset value will be increased. However, seen from March to April, it decreased because the comparison of total assets used in March with April was higher than the value obtained in March, so it can be concluded that the Return On Asset value in April was low. The Return On Asset value in Micro, Small, and Medium Enterprises in Tiga Dara fluctuated.

DISCUSSION

Management of working capital at Micro, Small, and Medium Enterprises Tiga Dara, Banawa District, Donggala Regency

Capital management is essential for Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala Regency, because capital is the power to use Tiga Dara's Micro, Small, and Medium Enterprise goods. Tiga Dara's Micro, Small, and Medium Enterprises must develop/process existing capital in goods and money.

The calculation results show that the working capital turnover rate of Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala Regency, is reasonable. This indicates that Tiga Dara's Micro, Small, and Medium Enterprises working capital management is adequate. This is the opinion of Rajindra et al. 2018 means that Micro, Small, and Medium Enterprises actors can calculate the value of the ending inventory accurately and periodically and always compile simple financial reports in the form of a balance sheet that describes their working capital position (1).

The calculation results show the average Return on Working Capital in Tiga Dara Micro, Small and Medium Enterprises in Change Village, Banawa District, Donggala Regency for Banana Chips production in January-June 2021, 8.96%. The Return on Working Capital ratio has increased from January to February and tends to be stable from February to June. This indicates that the percentage of Return on Working Capital in Tiga Dara Micro, Small, and Medium Enterprises in the Sub-District of Change Banawa District, Donggala Regency, is classified as good so that the management of working capital in Micro, Small, and Medium Enterprises Tiga Dara in Change Village, Banawa District, Donggala Regency, seen from the Return on Working Capital it is considered adequate.

Return On Assets

Return On Assets is the same as Return On Investment in financial analysis, which has a significant meaning as a comprehensive (comprehensive) financial analysis technique (9). This analysis is already an analytical technique commonly used by company leaders in company operations.

Looking at the value of the Return on asset ratio of Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala Regency, it can be seen that the highest Return on asset value for Banana Chips production from January to June 2021 is in January. March with a Return On Assets value of 6.81%, while the lowest Return On

Assets ratio was in June of 6.42% with an average ROA value of January-June 2021 of 6.66%. This means that the ability of Tiga Dara's Micro, Small, and Medium Enterprises to generate profits with the overall existing assets could be better. The production of 80 kg and 90 kg has decreased, and the Return On Assets value in this production is slightly smaller when compared to the value of Return on assets on the production of 70 kg.

Contribution of working capital management efficiency to operating profit at Micro, Small, and Medium Enterprises Tiga Dara, Banawa District, Donggala Regency

One good management is when the manager can manage the use of working capital efficiently and effectively in the sense that operating money must be used as needed (10), not too large from the real needs that result in wastage and not too small, which will interfere with the operation of the company. Micro, Small and Medium Enterprises Tiga Dara, Banawa District, Donggala Regency. To be able to maintain and also maintain the viability of its business, Tiga Dara's Micro, Small, and Medium Enterprises must be in excellent or profitable condition because it is well realized how vital profit is for the future of Tiga Dara Micro, Small and Medium Enterprises Banawa District Donggala Regency.

The following is a comparison of the results of the analysis of the efficiency of the use of working capital in Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala Regency for Banana Chips production in January - June 2021, as shown in Table 4 below:

Table 4. Banana Chips Comparison of the Efficiency Ratio of the Use of Working Capital Production Months January – June 2021

Month	TPM	RWC
January	0,602 time	8,09%
February	0,679 time	9,13%
March	0,679 time	9,13%
April	0,679 time	9,13%
May	0,679 time	9,13%
June	0,679 time	9,13%
Average	0,666 time	8,96%

Source: Primary data reprocessed, 2021

From Table 4, it can be seen that the average working capital efficiency ratio assessment in Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala Regency, can be seen from the operating capital turnover rate (TPMK) of 75 kg to 90 kg production. Kg of Banana Chips is 0.666 times. This ratio tends to be stable in Banana Chips production from February to June except in January to February, which increases. Likewise, the Return on working capital (RWC) ratio has an average value of 8.96%. This ratio value tends to be stable in Banana Chips production from February to June except in January to February, which increased. So the performance of each ratio is better.

The efficiency factor in working capital is the stage of working capital turnover and return on operating capital. Micro, Small, and Medium Enterprises Tiga Dara, Banawa District, Donggala Regency are required to implement working capital management. It is necessary to make the right strategic decisions on capital assets. For example, cash is one of the working capital with the highest level of liquidity. The

greater the amount of money in the Tiga Dara Micro, Small, and Medium Enterprises, the higher the level of liquidity. This means that Tiga Dara's Micro, Small, and Medium Enterprises have a more negligible risk of failing to meet their financial obligations. But this does not imply that Tiga Dara's Micro, Small, and Medium Enterprises must try to maintain a vast cash stock. The greater the cash means, the more cash that is idle so that it will be able to reduce profits.

CONCLUSION

This study concludes that the working capital turnover rate (TPMK) and the return working capital ratio for Banana Chips production for January to June 2021 are within good assessment criteria so that working capital management is managed for micro, small and medium enterprises are assessed efficiently. Then the results of the profitability analysis of Micro, Small, and Medium Enterprises in Tiga Dara, Banawa District, Donggala Regency, showed that when viewed and assessed from the Return on assets ratio, they were in the category of poor assessment, whereas when viewed and assessed from the gross ratio profit margin and net profit margin are in the good rating category. This means that the inefficient Return on asset ratio assesses the profitability performance of Tiga Dara Micro, Small and Medium Enterprises Banawa District, Donggala Regency. In contrast, the profitability performance of Tiga Dara Micro, Small and Medium Enterprises Banawa District, Donggala Regency, judging from the ratio of gross profit margin and net profit margin, is efficient.

SUGGESTION

Recommends that in difficult times like today, namely the Covid-19 pandemic, efficiency is an urgent need; therefore, Tiga Dara Micro, Small and Medium Enterprises in Banawa District, Donggala Regency must be able to continue to maintain and improve their business efficiency by utilizing existing resources to the maximum extent possible for the achievement of maximum profit.

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