Research Paper

Self-Capital and Loan Capital toward the MSME Income of Tebing Tinggi

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ABSTRACT

This research aims to analyze the effect of self-capital and people's business loan capital on MSME income. The method used in this study is a quantitative descriptive method and classic assumption tests. Based on the analysis, it can be concluded that self-capital and loan capital affected the income of MSMEs. The t test and F test result shows that the research is significantly and simultaneously affected the income of MSME entrepreneurs.

Keywords: self-capital, loan capital, MSMEs Income

INTRODUCTION

Indonesia's economy is still relatively weak, due to low levels of people's welfare, high cost of living, difficulty finding jobs, and many more. The jobs that are expected to improve welfare have not been able to accommodate the existing workforce as the large number of foreign workers coming to Indonesia making less employment opportunities for the local workforce. People always crave and strive to earn a decent income, to be able to support the family's life.

One of the way to realize the dream of people earning a decent income and help generate the Indonesian economy, people can run micro small and medium enterprises (MSMEs), MSMEs are relatively popular businesses that are able to survive compared to large companies. As an example, when Indonesia experienced a monetary crisis in 1997-1998, the MSME Sector was still able to survive and stand strong. The Data of the Central Bureau of Statistics shows that, after the economic crisis of 1997-1998 the number of MSMEs did not decrease precisely the increase since the majority of small businesses are not dependent on large capital or outside loans in foreign currencies, unlike large-scale companies that generally always deal with foreign currencies that have the potential to be affected by the crisis.

Micro small and medium enterprises have many sectors that can be covered by society such as in the trading sector, processing industry, agriculture sector, plantation sector, livestock sector, fishery sector, and service sector. However, in running and improving business capabilities there must be many obstacles and straggles faced, such as lack of experience and skills, lack of business knowledge, not understanding the market share, the marketing ways, and most commonly happening in today's society is the lack of venture capital.

Every business activity requires sufficient capital and the ability to manage capital in order to be able in running the business properly. A common fatal mistake in the community in running a business is misprocessing finances. People's inability to manage capital such as the tendency to mix personal funds and businesses, errors in allocating initial capital that affect the income of the business itself and many others.

As for the lack of capital, MSMEs get the attention and privileges mandated by the Law, it is the people's business credit

(*Kredit Usaha Rakyat*) program or commonly abbreviated KUR . *Kredit Usaha Rakyat* (KUR) is a credit or financing service provided by the government through banking to MSMEs who have decent business, potential, good business prospects, and the ability to repay loans but often judged to be unable to qualify for banking.

Kredit Usaha Rakyat (KUR) was launched by Mr. President Susilo Bambang Yudhoyono on November 5th, 2007, KUR in 2007-2014 claimed to be the most successful financing program for MSMEs

due to the government budget cuts of Rp. 16.7 trillion (source: KUR Policy Committee).

Bank Rakyat Indonesia is one of the many banks participating in the running of the government program, namely the People's Business Credit (KUR) program. Bank Rakyat Indonesia in Tebing Tinggi Branch Office in particular, has been running the KUR program since 2007 as KUR was launched. Here is a table of the number of public business credit debtors (KUR) of Bank BRI from 2016 to 2018.

Table 1.1.The amount of KUR Debtor of PT. BRI Tebing Tinggi

YEAR	MICRO KUR		RETAIL/SMALL KUR	
	DEBTOR	OUTSTANDING	DEBTOR	OUTSTANDING
2016	10.091	RP 116.914.548.589-,	99	RP 11.175.000.000-,
2017	10.739	RP 128.658.329.668-,	126	RP 19.620.000.000-,
2018*	10.767	RP 134.003.167.370-,	155	RP 24.321.000.000-,

From the table above, it can be seen the increase in the number of debtors from 2016 to 2018. In 2018 is only until June but the number of Public Business Credit debtors has exceeded the number of debtors in 2017. The Government's attention to MSMEs continues on the National Medium Term Development Plan 2015-2019. Since January 1, 2018, the government has lowered the KUR rate from 9% to 7%. This policy is included in the regulation of the Coordinating Minister of Economy No. 11 of 2017.

The help for MSEs can develop the MSMEs to be more advanced. It is also supported by Anggraini (2013) that the greater the borrowing capital the more increasing in MSME income. Sujarweni & Utami (2015) in his research suggested that the use of business capital sourced from KUR can improve performance in business in the MSME sector.

Based on the research conducted by Saragih and Nasution (2015) entitled the Analysis of The Effect of Self-Capital and Loan Capital of People's Business Credit (KUR) on the Income of MSME Entrepreneurs in Samosir Regency (Case Study: PT. Bank Sumut Balige Branch). In the study, the effect of Self-Capital (X1) and

Credit Capital on the changes of the income level of MSME entrepreneurs is positive or can be said the higher self-capital and KUR loan capital the higher level of income that MSME entrepreneurs will get. The credit was able to affect the income of MSME entrepreneurs by 86.9%, whereas the remaining 13.1% was affected by variables which are not included in this study.

KUR distribution is expected to help MSME entrepreneurs in developing their business, will the capital loan of MSME entrepreneurs be able to progress, and increase income or vice versa, here the writer wants to analyze the effect of self-capital and KUR loan capital on the income of MSME entrepreneurs.

METHODS

The method used in this study is a quantitative descriptive method. The population used in this study was MSMEs in Tebing Tinggi that borrowed KUR retail capital at PT Bank Rakyat Indonesia Tebing Tinggi in 2016, there were 99 debtors. MSMEs sampled were MSMEs who became KUR debtors of Bank Rakyat Indonesia KC Tebing Tinggi in 2016 which were 99 debtors, then whose business was engaged in the culinary business of 35 debtors, and at least had an initial capital of

at least Rp 20,000,000 there were 32 debtors. The data collection techniques used was documentation. The data analysis techniques used was classic assumption tests and hypothesis tests.

RESULTS AND DISCUSSION
Classic Assumption Test

Table 1:Normality Test Result

		Unstandardized Residual
N		32
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	2815855,01033290
Most Extreme Differences	Absolute	,101
	Positive	,101
	Negative	-,068
Kolmogorov-Smirnov Z		,570
Asymp. Sig. (2-tailed)		,901
a. Test distribution is Normal.		
b. Calculated from data.		

From the table 1, it can be seen that the significant value > 0,05. It is 0,901 > 0,05. So, it can be concluded that the residual value is normal.

From table 2, it can be seen the *tolerance vale is*r 0,617 > 0,10 and VIF 1,620 < 10. So, it can be concluded that there is no multicolliearity happened in this research.

Table 2: Multicollinearity Test Result

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	X1	,617	1,620
	X2	,617	1,620

Table 3: Heterokedastisity Test Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1483097,206	893649,985		1,660	,108
	X1	-,016	,022	-,169	-,745	,462
	X2	,020	,013	,346	1,523	,139
a. Dependent Variable: RES5						

From the table 3, it can be seen that significant value of X_1 is 0,462 > 0,05 and X_2 is 0,139 > 0,05. So, it can be concluded that there Heteroskedasticity problem happened.

Table 4 Autocorrelation Test Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,916[a]	,838	,827	2911334,70171	2,041
a. Predictors: (Constant), X2, X1					
b. Dependent Variable: Y3					

Based on table 4, DW value is 2,041 and compared to the nilai table significant table value 5%, sample is 32 (N=32) and independent variable is 2 (K=2) then it got du value of 1,574. The DW value is 2,041> du which is 1,574 and < (4-du) 4-1,574 = 2,426 (du < dw <4-du) so, it can be concluded that there is no autocorrelation.

Table 5: Multiple Linear Regressions Test X1 and X_2 Toward Y

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1388168,401	1418136,788		,979	,336
	X1	,078	,035	,213	2,236	,033
	X2	,170	,021	,769	8,085	,000

Based on table 5, the multiple linear regression model is:

$$Y = 1388168,401 + 0,78 X_1 + 0,170 X_2$$

From the equation above, it can be described that:

a. Constant (a) = 1388168,401 shows the MSMEs entrepreneurs income if affected by the self-capital and loan capital from KUR.

b. Regression coefficient of self-capital is 0,078 shows the effect of dependent variable X_1 (self-capital) toward the changes of the income level of MSME entrepreneurs, it means if the self-capital increased by 1% the income of MSME entrepreneurs will increase by 7%.

c. Kur capital coefficient of 0.170 is the effect of dependent variable X2 (KUR loan capital) on the changes of income level of MSME entrepreneurs, if the capital of KUR is added by 1% of the income of MSME entrepreneurs will increase by 17%.

T test Statistics

Based on the research table 5 on fifth column, the hypothesis test can be done as follow:

a. **First Hypothesis Testing (H_1)**
The significant value of the effect of X1 on Y is 0.033 < 0.05 and the value of t_{count} is 2,236 > t_{table} 2,045, so it can be concluded that H1 is accepted which means there is an effect of X1 on Y that the self-capital affects the income of MSME entrepreneurs in Tebing Tinggi.

b. **Second Hypothesis Testing (H2)**
The significant value of the effect of X2 on Y is 0.000 < 0.05 and t_{count} value is 8,085 > t_{table} l 2,045, so it can be concluded that H2 is accepted which means there is an X2 effects on Y, that is the capital of (KUR) affecting the income of entrepreneurs of Tebing Tinggi City.

F Test Statistics

Table 6: F$_{test}$

Model		F	Sig.
1	Regression	75,107	,000^b
	Residual		
	Total		

From the table 6 above, the Third Hypothesis Test (H3) is as follows : the sig value 0,000 < 0,05 and F_{count} 75,107 > F_{table} at error rate α =5% is 3,33. Which is F_{count} 75,107 > F_{table} 3,33. Based on the hyphothesis test criteria, if the sig value < 0,05 and F_{count} > F_{talel} then the hypothesis can be accepted. So, it can be concluded that self-capital and loan capital from KUR is simultaniously affected toward the income of MSME entrepreneurs of Tebing Tinggi City. It means that the self-capital and KUR loan capital used simultaneously affect the income generated by MSME entrepreneurs kota Tebing Tinggi.

The results of this study are in line with research conducted by Saragih and Nasution (2015) which stated that The Self-Capital and Credit Capital affect the change in the income level of MSME entrepreneurs positively or it can be said that the higher the self-capital and KUR loan capital be higher the level of income that MSME entrepreneurs will get.

In addition, the results of this study are also in line with the research of Riawan and Kusnawan (2018) which stated that the self-capital and KUR had a positive effect on the business income of MSMEs in the training village of Kidul

CONCLUSION

1. The self-capital affects the income of MSMEs of Tebing Tingi City and the capital of public business loans (KUR) affects the income of MSMEs of Tebing Tinggi City.

2. Self-capital and public business loan capital (KUR) have a simultaneous effect on the income of MSME Kota Tebing Tinggi.

3. The effect of X1 (Self Capital) and X2 (KUR from PT. Bank Rakyat Indonesia of Tebing Tinggi) toward Y (Income of MSME Entrepreneurs of Tebing Tinggi City) was 85.2%, while the remaining 14.8% was affected by other variables which is not included in this estimate.

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