



Analysis of home industry working capital needs "MSMES Ida Ayu" Pekon Pringsewu

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ABSTRACT

With the growing development of MSMEs in Indonesia today, so that MSMEs are more effective in increasing capacity, for operations in running a business require funding or working capital both for daily needs and for the long term, where capital is an obstacle faced by MSMEs, especially for MSMEs that are located far from the reach of banking institutions. With a cash turnover rate of 76.86 days; and receivables turnover of 64.21 days; which is followed by an inventory of 64.21 days, thus it is known that the length of working capital turnover is 161.55 days, with a working capital turnover for 1 year (360) days is 2.23 times, with sales of Rp. 1,251,200,000,- divided by 2.23 times the required capital of Rp.561,468,726,- while the prediction of the sales level will increase by 18%, while the available working capital is Rp. 560,361,000,- so that MSMES IDA AYU needs to get additional funds for additional Karja Capital of Rp. 102,172,096,-.

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1. INTRODUCTION

In Indonesia, Micro, Small, and Medium Enterprises (MSMEs) have an important role in the national economy, social and political, so that the development of MSMEs has received considerable attention in various parts of the world. The definition of MSMEs in Law of the Republic of Indonesia Number 20 of 2008 concerning Micro, Small and Medium Enterprises, is explained as: "A company classified as an MSME is a small company that is owned and managed by a person or owned by a small group of people with a certain amount of wealth and income. (Surya, 2021) The contribution of MSMEs to national economic growth and as an example of MSME development based on Indonesian statistical data, BPS, 2022, about the performance of Indonesian MSMEs in 2019 – 2021 is as follows: Micro Enterprises: Number of Business Units = 4,127,108; 3.909.718; and 3,956,083, Total Labor = 7,363,163; 6.953.975; and 7,304,554, Average Income = 347,504,988; 317.723.642; and 84,935,326, Average Expenditure = 184,355,357; 155.270.563; and 222,566,096, While Small Business: Number of Business Units = 253,068; 300.099; and 206,605, Total Labor = 2,212,283; 2.693.567; and 1,804,743, Average Income = 153,942,444; 165.011.654; and 166,889,568, Average Expenditure =

96,518,040; 98.508.490; and 70,924,859 where for MSME Production Growth in 2019-2020 of 0.42% and 2020-2021 of 3.96%. As an indicator, there is a class increase from micro business to small business, small to medium based on credit; Characteristics, Turnover and Morals. The development and increase in the number of MSMEs will indirectly help increase the economic growth of the community nationally, in accordance with the theory of demand and supply, that the development and increase of MSMEs as a sign that the community's economy will also increase. In empowering resources, the Government has taken many steps, including empowering micro, small and medium enterprises (MSMEs). (Nurul Hidayah, Etik Umiyati, 2023) It will be very good where MSMEs have the potential to contribute to the economic movement of the community, as well as become a source of income for some people as MSME actors to improve their welfare. MSMEs have an important role in Indonesia's economic activities, especially in job creation and household empowerment that supports income. (Munthe et al., 2023) MSMEs not only make a significant economic contribution but can reduce economic disparities, especially in rural areas, as the backbone of economic growth, and a substantial contributor to manufactory exports in East Asian countries. (Tona Aurora Lubis, Firmansyah, Mukhzarudfa, Ahmad Nur Budi Utama, Novita Sari, 2024) MSMEs are a place to create jobs, besides that MSMEs are also labor-intensive businesses, which do not require certain conditions such as education, skills at work and other requirements. (Fawaid & Fatmala, 2020)

Currently, several businesses are starting to emerge in Indonesia, especially the home industry in small villages. Home industry as a form of business activity and as a form of people's economy that has the potential to increase household income obtained in a certain period of time which is income to achieve family welfare. (Fitria Yuni Astuti, 2024) In language, home is a house, a place to settle down, or hometown and industry itself is a work or product sold from a business that is carried out. The home industry is a personal business that is carried out at home to produce new goods, in addition to being known as a small company because its activities are centered on the home or household business because it is managed by the family, and has the goal of getting profits as a reflection of the growth in its property. (Fawaid & Fatmala, 2020) Therefore, it is necessary to have proper financial records in accordance with accounting standards. According to Krisna & Nuratama, (2021: 24) In conducting evaluations, it is necessary to support the existence of financial statements that are produced from the accounting process, financial statements need to be standardized so that they can be used as evaluation tools. For MSMEs, accounting has been standardized, namely the Financial Accounting Standards (SAK) for Micro, Small and Medium Enterprises published by the Indonesian Institute of Accountants (IAI) in 2016 where this standard came into effect as of January 1, 2018. According to Hasanah et al., (2020: 58) The need for more demand to be able to implement financial reporting standards based on standards applicable to MSMEs is getting bigger after the enactment of the ASEAN Economic Community (AEC) system where business competition is not only limited to Indonesia but also from various ASEAN countries. MSME actors in Indonesia must face increasingly sharp competition by being more productive in developing their businesses. One of the problems in the development of MSMEs is the implementation of financial governance, because good financial management requires understanding and accounting skills.

Every business in carrying out its activities in order to stay alive, and develop and to maintain even as much as possible to increase operational income to achieve goals, to carry out operational activities in running a company requires funding or working capital both for daily needs and for the long term. Capital Structure is a long-term source of funds that is embedded in a company with a period of more than one year. (Anggi Vionita, 2023) "Working capital is one of the most important asset elements in a company because without working capital the company cannot meet the needs to carry out its activities". (Yuniar Ambarwati, Hermi Sularsih, 2020) Therefore, the Utilization of Working Capital must be managed effectively and efficiently so that it can increase

business profitability. With an optimal capital structure, the company can produce an optimal rate of return so that the company and shareholders will make a profit. (Valerie Abigael Ngantung, 2023) The policy in managing the amount of capital appropriately will get profits, the company will bear losses if the placement of working capital is not appropriate. To interpret the financial position in the short term that has efficiency in the use of working capital from the company, the greater the use of working capital, the greater the level of profitability of the company. Working Capital is needed by all MSMEs to finance their daily operational expenses, such as providing contracts for the purchase of raw materials, paying employee salaries and others, with the hope that the funds spent can re-enter MSMEs in the not too long time through the sale of their production products. (Elly Lestari, 2020)

The main problem of Indonesian MSMEs is capital with a percentage of 51.09% of Ministry of Cooperatives-SMEs, (2020), the capital problem and aligned with the capital accessibility framework at the level of physiological needs in the financial Maslow hierarchy is an important element to determine the growth and survival of MSMEs.(Pradana & Sumiyana, 2023) The problems faced by MSMEs in various regions are generally almost the same related to limited working capital, minimum human resource quality, product quality and productivity, and limited mastery of science and technology. Managerial ability and capital aspects are the main problems, which have an impact on limited access from financial institutions to be able to obtain funds. (Setiawan, 2021) As an obstacle to capital problems, that MSMEs have not yet received access or banking financing due to geographical location, there are still many banks that have not reached remote and remote areas, administratively, MSME business management is still managed manually and traditionally, especially financial management, has not separated household and business operational finance. The fact proves that MSMEs face many obstacles, which can be from internal factors as an obstacle is limited capital. (Surya, 2021) The government provides policies to encourage the sustainability of MSMEs, including providing social assistance, tax incentives, relaxation and restructuring of MSME loans, business recovery and consolidation, and expanding financing. (Ridwansyah et al., 2021) The development of the potential of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia is inseparable from banking support in distributing credit to MSMEs. The increase in credit distribution to MSMEs in practice has not touched all MSMEs. The classic seacra problem about financing and business development still exists in MSMEs. (Anggraeni & Herlinawati, 2019)

Capital is the most important asset of a company to run its business which is generally in the form of assets, and/or debts. So that the production process to the marketing of the company's products can run smoothly. Every important event in the company's life contains a financial aspect, such as the decision to increase the company's capital whether it will be done through debt/loans, expanding or developing income through the sale of credit widely, selling additional new securities, or determining the distribution of business proceeds/dividends and buying back the company's shares, and so on, all of these are things that cannot be ruled out of the financial aspect. (Herry Zulfan, Heri Apriyahadi, 2023) (Herry Zulfan, Heri Apriyahadi, 2023)

Working Capital Management, as a process of managing every component contained in working capital to provide positive results for the company. The management of the working capital turnover period is very important to be managed by trying to make working capital rotate faster in a certain period so that it can be more efficient. Working capital management is an important topic considering that the survival of a company depends on the ability of managers to effectively manage accounts receivable, inventory, and accounts payable. (Purwoto, 2019)

Working capital in the sense is an investment that is invested in current assets or short-term assets, such as cash, banks, securities, receivables, inventories, and other current assets. (Ginting, 2018) Capital is the most important asset of a company to run

its business which is generally in the form of assets, and/or debts. So that the production process to the marketing of the company's products can run smoothly. Working capital is a fund that is invested into current assets to finance the company's day-to-day operations which are expected to return in a short period of time through sales. (Yuniar Ambarwati, Hermi Sularsih, 2020) Working Capital Management, as a process of managing every component contained in working capital to provide positive results for the company. The management of the working capital turnover period is very important to be managed by trying to make working capital rotate faster in a certain period, so that it can be more efficient. (Ginting 2018). Working capital is the source of strength of a business unit and its management is one of the most important functions of company management, Working capital is like blood flow in a business vehicle and its management is like a heartbeat that pumps blood to the vehicle so that it can continue to survive. (Erdian et al., 2022) Higher working capital levels allow companies to increase their sales and get bigger rebates on the initial payment thus increasing the value of the company. (Kasri, 2021)

Working Capital Turnover is the ability of working capital to rotate in a period of the company's cash cycle. The concept of working capital based on working capital turnover is what the company has to complement the needs of the industry, in terms of meeting short-term needs, by considering current assets and current liabilities as well as profits. (Rismauli Br Manalu et al., 2022) Working capital turnover measures the effectiveness of the use of current assets to generate sales. The higher the working capital turnover ratio, the better the performance of a company where the percentage of existing working capital is able to generate sales with a certain amount. The larger this ratio indicates the effective use of available working capital in increasing the company's profitability. (Ginting, 2018). Working capital turnover or working capital turnover is one of the ratios to measure or assess the effectiveness of a company's working capital during a certain period. Working capital turnover starts from the time cash is invested into the working capital ratio or component until it returns to cash. which shows how quickly the money invested in working capital will return to cash and the company's efficiency in managing transactions, so that the company can increase profits faster, or will increase its profitability. (Pratama & Sufina, 2022)

The source of capital, in addition to being obtained from business profits, can also be from creditors or from banks known as working capital loans. (Sintha et al., 2023) explained that credit in the banking business is an agreement or lending agreement between the Bank and other parties, the borrower must repay the debt in the amount of interest after a certain period of time, with the principle of bank lending applied which is known as the 5C analysis; namely 1) Character (character/personality), 2) Capacity (capacity), 3) Capital (equity) 4) Economic conditions (economic conditions), 5) Guarantee (guarantee/guarantee). Micro credit is a small-scale credit program given to poor people to finance productive activities that they do themselves in order to generate income, which allows them to care for themselves and their families. (Anggraeni & Herlinawati, 2019) As for the provision of credit, there is a risk of default or bad loans/NPLs, which occur as a result of financial difficulties, while failure to pay from MSMEs occurs due to a decrease in demand and problems with access to capital, production and distribution are hampered, which is one of the factors in the decline in the condition of MSMEs in Indonesia. (Ridwansyah et al., 2021) The occurrence of financial difficulties is when, before the company goes bankrupt, when it is found that the company is unable to fulfill its financial obligations so that the company in question is declared to be experiencing financial difficulties. So that companies will be encouraged to anticipate possible financial difficulties so that they can continue to operate and compete in the global market. (Wardana et al., 2023) NPL/NPF Loans or MSME Financing are loans or financing with quality that is prohibited from being smooth, doubtful returns, and even jams that commercial banks distribute to business

actors who meet the MSME criteria, while the ratio of NPL/NPF Loans or MSME Financing is carried out by comparing NPL/NPF Loans or MSME Financing to the total Loans or MSME Financing of both Commercial Bank banks and Sharia Banks. (Wati & Filianti, 2019) Funding from outside, especially with credit, has a positive effect on financial distress, because companies get pressure on their cash flow when they are going to return their funds. (Sari et al., 2023)

Based on the use of credit, it is divided into two, namely consumer credit and productive credit. Consumer credit is credit used by borrowers for consumption purposes, and production credit is credit intended for production purposes, such as to increase business, One of the credits for production purposes is MSME credit. MSME loans are capital for micro, small and medium enterprises. According to Law Number 20 of 2008, MSME Credit is a fund to develop and strengthen capital for micro, small and medium enterprises through the government, local governments, the the business world and banks, cooperatives and non-bank financial institutions (Sintha et al., 2023).

2. RESEARCH METHOD

The data analysis method is a method used to process research results to obtain a conclusion. In this study in data collection, the writing uses the following methods: (a) Library Research, which is a technique for collecting data through libraries, both in the form of literature books and lecture materials relevant to the problem being researched; (b) Field Research is direct observation of the object being researched by i) Observation, which is a method of data collection by direct observation of the object being studied; ii) Interview, which is holding a direct interview with Mrs. Ida Ayu as a business actor of Home Industry MSMEs.

The data used as a source is in the form of : (a) Qualitative data, namely data obtained from the company in the form of information both orally and in writing; (b) Quantitative data, namely The analysis emphasizes the processed numerical data. (Rismauli Br Manalu et al., 2022) data obtained from the Business in the form of Financial Statements in The data sources used are; i) Primary data, obtained directly from business actors based on the results of interviews with Mrs. Ida Ayu. ii) Secondary data, obtained from the documentation of IDA AYU MSMES. The stages carried out in analyzing the data by collecting data and observing the financial statements of the Home Industry MSMEs "Ida Ayu" Pekon Waluyoajati, Pringsewu, which include balance sheet reports, losses/profits. the form of Balance Sheets, Profit/Loss Statements, purchase and sales notebooks.

The Operational Definition in this study is with the Working Capital Ratio as follows:

Duration of Turnover of Each Working Capital Component:

$$\text{Cash Ratio} = \frac{\text{Average Cash}}{\text{Sales}} \times 360 = \dots \text{ day} \quad (1)$$

$$\text{Receivable Turnover} = \frac{\text{Net Sales}}{\text{Receivable}} \times 360 = \dots \text{ day} \quad (2)$$

$$\text{Inventory Turnover} = \frac{\text{Cost Of Good Sold}}{\text{Inventory}} \times 360 = \dots \text{ day} \quad (3)$$

$$\text{Duration of Overall Working Capital Turnover} = \dots \text{ day} \quad (4)$$

Overall Working Capital Turnover:

$$\text{Overall Working Capital Turnover} = \frac{\text{Number of days for the Financial Statement period}}{\text{Duration of Overall Working Capital Turnover}} \quad (5)$$

Working Capital Needs :

$$\text{At the current sales rate} = \frac{\text{Sales}}{\text{Overall Working Capital Turnover}} \quad (6)$$

$$\text{Upcoming Sales Increase} = \dots \% \times \text{Current Sales Rate} \quad (7)$$

$$\text{Overall Working Capital Turnover} = (\text{Yield 6} + \text{Yield 7}) \quad (8)$$

$$\text{Available Working Capital} = \text{Total Current Assets} + \text{Disponable Loans} \quad (9)$$

$$\text{Working Capital Shortage} = (\text{Yield 8} - \text{Yield 9}) \quad (10)$$

$$\begin{aligned} & \text{Credit Payment/Repayment (Entrants/other banks)} && (11) \\ \text{Amount of Working Capital Credit Needs} &= (\text{Yield } 10 + 11) && (12) \end{aligned}$$

The hypothesis is that the faster the turnover of capital components (Cash Ratio, Receivables, and Inventory), the greater the need for Working Capital. In this study, data can be obtained from questionnaires, interviews, observation notes, photo taking, audio and video recording. (a) Questionnaire Document: The questionnaire uses questions to obtain useful information that supports the theory and information needed for this research. (b) Interview Documents: In this study, interviews with questions were conducted, so that respondents could provide unlimited and in-depth information from various perspectives. All interviews are transcribed and stored in a text file. (c) Observation Notes: Observation to obtain data in research requires careful listening and careful and detailed attention to what is seen.

3. RESULTS AND DISCUSSIONS

MSMES IDA AYU was established in 2013 which is located in Gg. Sawit, Pekon Waluyoajati, Pringsewu District, Pringsewu Regency, Lampung. The background of the establishment of this business is that the owner reads the business opportunity that many people like to consume snacks or spicy snacks, so the owner has the idea to make this snack. Initially, the production only made 5kg and was deposited into a stall near the house. However, it turns out that there are many enthusiasts so currently the production is 150kg at a time. MSMES IDA AYU was initially only managed by the owner and 2 employees. Because of the increasing orders until now, MSMES IDA AYU has 30 employees. The establishment of IDA AYU MSMES aims to attract consumers to experience cheap and festive snacks. In addition, it has a positive goal, namely to help the surrounding community to get a job so that it can help the economy of the surrounding community.

To get the financial position and results achieved by a company in a certain period, financial statements are shown in the form of income statements and balance sheets that aim to find out the company's income and expenses. So as to generate a profit or net loss and the company's wealth in a certain period. With the aim of finding out how much the need for working capital is based on financial reports for the last 3 years, namely 2021-2023, As I said:

Table1. Balance sheet of "msmes ida ayu"

Date/Month/Year → DETAILS	31-12-2021		31-12-2022		31-12-2023	
	Rupiah	%	Rupiah	%	Rupiah	%
Cash and Banks	200.500.000,-	47,26	271.241.000,-	51,85	260.361.000,-	49,77
Accounts Receivable	21.200.000,-	5,00	25.000.000,-	4,78	120.000.000,-	19,00
Inventory	120.000.000,-	28,28	150.000.000,-	28,67	180.000.000,-	28,50
Total Current Assets	341.700.000,-	80,54	446.241.000,-	85,30	560.361.000,-	88,72
Assets Remain Clean	82.560.000,-	19,46	76.920.000,-	14,70	71.280.000,-	11,28
Total Fixed Assets	82.560.000,-	19,46	76.920.000,-	14,70	71.280.000,-	11,28
Total Assets	424.260.000,-	100,00	523.161.000,-	100,00	631.641.000,-	100,00
Accounts Payable	22.860.000,-	5,39	66.295.150,-	12,67	124.767.150,-	19,75
Total Current Debt	22.860.000,-	5,39	66.295.150,-	12,67	124.767.150,-	19,75
Total Debt	22.860.000,-	5,39	66.295.150,-	12,67	124.767.150,-	19,75
Capital / Share	250.000.000,-	58,93	250.000.000,-	47,79	250.000.000,-	39,58
Retained earnings	121.860.000,-	28,72	151.400.000,-	28,94	206.865.850,-	32,75
Profit for the Current Period	129.540.000,-	30,53	155.465.850,-	29,72	150.008.000,-	23,75
Prive	100.000.000,-	23,57	100.000.000,-	19,11	100.000.000,-	15,83
Total Capital	401.400.000,-	94,61	456.865.850,-	87,33	506.873.850,-	80,25
Total Debt and Capital	424.260.000,-	100,00	523.161.000,-	100,00	631.641.000,-	100,00

Table 2. Statement profit/loss of "msmes ida ayu"

Date/Month/Year → DETAILS	31-12-2021		31-12-2022		31-12-2023	
	Rupiah	%	Rupiah	%	Rupiah	%
Net Sales	714.000.000,00	100,00	894.200.000,00	100,00	1.251.200.000,-	100,00
Cost of Goods Sold	447.960.000,00	62,74	587.309.000,00	65,68	925.080.000,-	73,94
Administration, Sales Costs	108.000.000,00	15,13	118.350.000,00	13,24	144.000.000,-	11,51
Operating Profit	158.040.000,00	22,13	188.541.000,00	21,08	182.120.000,-	14,56
Depreciation/Amortization Costs	5.640.000,00	0,79	5.640.000,00	0,63	5.640.000,-	0,45
Other Fees	-	0,00	-	0,00	-	0,00
Other Income	-	0,00	-	0,00	-	0,00
Rental Cost	-	0,00	-	0,00	-	0,00
Earnings Before Interest & Tax	152.400.000,00	21,34	182.901.000,00	20,45	176.480.000,-	14,10
Interest Fee	-	0,00	-	0,00	-	0,00
Profit Before Tax	152.400.000,00	21,34	182.901.000,00	20,45	176.480.000,-	14,10
Income Tax	22.860.000,00	3,20	27.435.150,00	3,07	26.472.000,-	2,12
Net Profit After Tax	129.540.000,00	18,14	155.465.850,00	17,39	150.008.000,-	11,99

3.1 Data Analysis

Table 3. Financial overview of "msmes ida ayu"

Date/Month/Year →	31-12-2021		31-12-2022		31-12-2023	
LIQUIDITY						
Current Ratio (CR)	14,95	x	6,73	x	4,49	x
Quick Ratio	9,70	x	4,47	x	3,05	x
LEVERAGE						
DER (Total liability/ Capital)	0,06	x	0,15	x	0,25	x
LT. Leverage (LT Debt/ Capital)		x		x		x
COVERAGE						
EBIT / Total Debt.	691,34	%	284,43	%	583,87	%
EBIT / Interest		%		%		%
DSC ((EAT+ Interest):(Installment+Interest))		%		%		%
PROFITABILITAS						
PM (EAT : Net Sales)	18,14		17,39		11,99	
ROE (EAT / Capital)	32,27		34,03		118,38	
Length of Collection of Trade Receivables	10,69	Day	10,06	Day	8,63	Day
Duration of Debt Turnover	18,37	Day	40,64	Day	12,14	Day
Duration of Inventory Deposition	96,44	Day	91,94	Day	17,51	Day
CAPACITY						
Tangible Net Worth	401.400.000	Rp	456.865.850	Rp	506.873.850	Rp
Net Working Capital	318.840.000	Rp	379.945.850	Rp	435.593.850	Rp

Based on table 3, in 2023 it shows that the company's liquidity is good, the Current Ratio is 4.49, and the Quick Ratio is 3.05 which shows that the Cash Ratio and Quick Ratio show above the minimum liquidity standard of 2:1. For DER, 0.25 means that the debt compared to the Capital is very small, the Company's Profitability shows the Company's good condition

Table 4. Capital reconciliation of "msmes ida ayu"

Date/Month/Year →	31-12-2021		31-12-2022		31-12-2023	
Detail	Rupiah		Rupiah		Rupiah	
Initial Balance	-		29.540.000,00		29.540.000,00	
Plus:						
Net Profit After Tax (EAT)	129.540.000,00		155.465.850,00		150.008.000,00	
Additional Total	129.540.000,00		155.465.850,00		150.008.000,00	
Reduced:						
Profit Sharing / Prive	100.000.000,00		100.000.000,00		100.000.000,00	
Total Reduction	100.000.000,00		100.000.000,00		100.000.000,00	
Capital Increase (Decrease)	29.540.000,00		55.465.850,00		50.008.000,00	

Final Balance of Capital	29.540.000,00	85.005.850,00	79.548.000,00
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From Table 4, the business results or profits obtained after deducting personal needs are fully used to increase business capital, so that the company is still able to run its business using available capital, but when compared to the existing sales increase level, as well as with the planned increase in sales, the company needs to increase working capital.

Table 5. Fixed asset reconciliation of "msmes ida ayu"

Date/Month/Year → Details	31-12-2021 Rupiah	31-12-2022 Rupiah	31-12-2023 Rupiah
Fixed Asset Final Balance	82.560.000,00	76.920.000,00	71.280.000,00
Added: Depreciation	5.640.000,00	5.640.000,00	5.640.000,00
Deducted: Initial Balance of Fixed Assets	-	82.560.000,00	76.920.000,00

From table 5, it shows that the company has carried out continuous depreciation, so it can be said that the profits obtained are net and if in time the company reconciles its assets, then the company's profit will increase

Table 6. Statement of cash procurement of "msmes ida ayu"

Date/Month/Year →	31-12-2022 Rupiah	31-12-2023 Rupiah
Net Profit After Tax	155.465.850,00	150.008.000,00
Depreciation	5.640.000,00	5.640.000,00
Procurement of Gross Operating Funds	161.105.850,00	155.648.000,00
Debt Increase	66.295.150,00	58.472.000,00
Incoming Operating Cash	66.295.150,00	58.472.000,00
Increase in Receivables	3.800.000,00	95.000.000,00
Inventory Increase	30.000.000,00	30.000.000,00
Operating Cash Out	33.800.000,00	125.000.000,00
Total Operating Cash Usage	32.495.150,00	(66.528.000,00)
Total Net Cash Usage	193.601.000,00	89.120.000,00

From Table 6, Cash obtained from business results or profits is fully used to finance the business, although the amount of increase in receivables is so large, but the rate of return is fast enough that there is no concern that there are relatively small uncollected receivables.

The calculation of working capital needs with the turnover method:

1. Duration of Turnover of Each Working Capital Component: :

$$\begin{aligned} \text{Cash and Banks} &= \frac{\text{Rp.265.801.000,-}}{\text{Rp.1.251.200.000,-}} \times 360 = 76,48 \text{ day} \\ \text{Accounts Receivable} &= \frac{\text{Rp.72.500.000,-}}{\text{Rp.1.251.200.000,-}} \times 360 = 20,86 \text{ day} \\ \text{Inventory} &= \frac{\text{Rp.165.000.000,-}}{\text{Rp.925.080.000,-}} \times 360 = \underline{64,21 \text{ day}} \\ \text{Duration of Overall Working Capital Turnover} &= 161,55 \text{ day} \end{aligned}$$

2. Overall Working Capital Turnover:

$$\text{Overall Working Capital Turnover} = \frac{360}{161,55} = 2,23 \text{ River}$$

3. Working Capital Needs:

$$\begin{aligned} \text{a. At the current sales rate} &= \frac{1.251.200.000}{2,23} = \text{Rp. } 561.468.726,- \\ \text{b. Upcoming Sales Increase} &= 18\% \times 561.468.726,- = \text{Rp. } 101.064.370,- \\ \text{c. Working Capital Needs} &= \text{Rp. } 662.533.096,- \\ \text{d. Existing Working Capital:} & \\ \quad \text{Total Current Assets} &\text{Rp. } 560.361.000,- \\ \quad \text{Disponable Credit} &\underline{\text{Rp. } -} = \text{Rp. } 560.361.000,- \end{aligned}$$

Disadvantages (Advantages) of Working Capital = Rp. 102.172.096,-

On the basis of the calculation above, it can be stated that in 2023, with a cash turnover rate of 76.86 days; and receivables turnover of 64.21 days; which was followed by an inventory of 64.21 days, thus it is known that the length of working capital turnover is 161.55 days, so that the working capital turnover for 1 year (360) days is 2.23 times. In 2023, sales of Rp. 1,251,200,000,- divided by 2.23 times the required capital of Rp.561,468,726,- by predicting that the sales rate will increase by 18% of sales, then additional capital of Rp. 101,064,370,- while the available working capital of Rp.560,361,000,- so that MSMES IDA AYU still needs additional Karja Capital of Rp. 102,172,096,-.

3.2 Discussion

Company Liquidity, Current Ratio 4.49, AND Quick Ratio 3.05 which shows that Cash Ratio and Quick Ratio show above the minimum liquidity standard of 2:1. The profit obtained after deducting personal needs is fully used to increase business capital, the Company has depreciated fixed assets on a continuous basis, so that it can be said that the profits obtained are net and if in time the company reconciles assets, then the company's profit will increase. Cash obtained from business results or profits is fully used to finance the business, although the amount of increase in receivables is so large, but the rate of return is fast enough that there is no concern that there are relatively small uncollected receivables.

That in 2023, the cash turnover rate is 76.86 days; and receivables turnover of 64.21 days; which is followed by an inventory of 64.21 days, thus it is known that the duration of working capital turnover is 161.55 days, so that the working capital turnover for 1 year (360) days is 2.23 times, with sales of Rp. 1,251,200,000,- divided by 2.23 times the required capital of Rp.561,468,726,- while the prediction of the sales level will increase by 18%, while the available working capital is Rp. 560,361,000,- so that MSMES IDA AYU needs to get additional funds for additional Karja Capital of Rp. 102,172,096,-.

4. CONCLUSION

The overall working capital turnover is 2.23x with an increase in sales of 18%, while the available working capital is IDR 560,361,000,- so it requires an additional working capital of IDR 102,172,096,- In order to continue the business and develop the Home Industry of IDA AYU MSMES, it is necessary to get attention from financial institutions, especially at the Government Bank to get an additional Working Capital of Rp. 102,172,096,- with a low interest rate so as not to be burdened with large costs that will otherwise hinder the development of MSMEs, and we recommend to Mrs. Ida Ayu to try to contact the Bank in connection with the Capital needs.

The results of this research can be used for literature both in financial institution management courses and financial management, where this research is limited to the amount of working capital needs, hopefully for the next researcher it can be expanded to the risk if the sales level is not achieved, whether the additional capital can be returned.

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