Research Paper

Analysis of Capital and Production Costs on the Profits of Micro, Small and Medium Enterprises in Klambir Lima Kebun Village, Hamparan Perak District, Deli Serdang Regency

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ABSTRACT

This research was carried out in Kelambir Lima Kebun Village, Hamparan Perak District, Deli Serdang Regency. The selection of respondents was carried out intentionally (purposive sampling). Primary data collection was carried out by conducting interviews with 32 MSME business owners. This study aims to partially analyze the effect of capitalization on business profits and analyze the effect of production costs on business profits and analyze the simultaneous influence of capitalization and production costs on the profits of micro, small and medium enterprises, from the results of the study obtained for the t test variable X1 capitalization obtained results t count 3.559 > t table 2.045 with a sig value of 0.001 < 0.05 then there is a positive and partial significant influence between capital and profits of Micro, Small and Medium Enterprises. The results of the t test for variable product costs obtained a calculated t value of -2.193 < t table 2.045 with a sig of 0.04 < 0.05 then there was no positive and significant influence between the variable production costs on business profits. Meanwhile, for the F test, a calculated f value of 10.970 > from f table 3.333 with a sig value of 0.000 < a sig of 0.05, then there is a simultaneous influence between the variables of the free variable in this case capital and production costs on profits Micro, Small and Medium Enterprises (MSMEs). Equation The obtained regression model y = 11.303 + 0.591X1 + (-0.292 X2) + e. The magnitude of the coefficient of determination of 39.1% means that capital and production costs are only able to explain the profit of Micro, Small and Medium Enterprises of 39.1% the remaining 60.9% can be explained by other variables that were not studied in this study.

Keywords: Capital, Production Costs, Profit, MSMEs Klambir Lima Kebun

INTRODUCTION

Micro, small and medium enterprises are businesses that are run with not too large capital, especially micro businesses, some businesses run by business actors often experience obstacles and obstacles that cannot be resolved alone so that they have an impact on the business being run. One of the conditions or circumstances that are actually a problem for businesses is capitalization which is the centralization of the turnover of money in a business, including businesses that are classified as micro, small and medium enterprises or known as us ala in the MSME category. the contribution made by MSMEs to national income has a large role with the growth of MSMEs, it will be in line with controlling and even reducing the number of unemployed. Workers can be employed as workers and can even open their own businesses according to their capital and expertise. In addition to contributing very well to reducing the number of unemployed

MSMEs, it is also proven that they can survive in the midst of unfavorable economic conditions in the conditions of the Covid-19 pandemic, there are many MSME businesses that are able to survive with tricks and strategies owned by owners and business actors to maintain their businesses. This is inseparable from the expertise possessed by owners and business actors in running their business so as to avoid losing money, one of the techniques used is to use the capital owned appropriately and streamline production costs. usually tend to lose money because the type of production costs associated with the number of products produced is even less able to streamline the production costs incurred to get maximum profit. From the background above, the author feels compelled to conduct a study entitled "Analysis of Capital and Production Costs on the Profits of Micro, Small and Medium Enterprises in Klambir Lima Kebun Village, Hamparan Perak District, Deli Serdang Regency"

LITERATURE REVIEW
Advantages
Profit is net income or compensation from the company's activities from the production process to marketing which has been reduced by the cost of the company's operating activities. Financial statements are made to record excess income recorded as profit or profit and data on the income and expenses of the company in a certain accounting period made by the finance section. Ordinary profit is also defined by the term profit is the purpose of a business in order to develop its business. Business management carried out by business owners aiming to obtain profit is one of the qualities of management in the business. According to Tamubolon (2005) states that profit is obtained from sales minus all operating expenses. This is supported by the opinion of Sumarsono (2003) that profit / profit is obtained from the difference between total receipts or total income and the sum of all costs. Profit is a key target to be achieved from the process of running a business.

With the profit target, an assessment of the effectiveness and efficiency of the business process will also be obtained whether the business has been successfully carried out or has not shown a better improvement from the previous time period. Profit also tends to be used as a benchmark as well as what you want to get in business management as well as in financial management carried out by managers during the business process, it can be said that both small, micro and medium enterprises still require management in their business, especially in managing business finances, they must be skilled so that it can achieve the profit and business targets can develop towards a better increase than before does not run in place without a process of improvement or development in a better direction and may even experience a decline and decline if not managed properly. In general, the target of a business is to obtain the greatest profit by streamlining production through the action of suppressing the costs needed so that minimal costs are obtained from each stage of the production process if the business run by micro, small and medium enterprises is efficient in the production process to produce the product you want to sell if the product being sold is a product that requires a production stage process in producing Products.

This is supported by the opinion of Sunaryo (2014) profit is the difference between total revenue and total costs which is intensive for producers to carry out production. Based on the results of economic theory, profit has a different meaning from profitability related to bookkeeping. Profit is the excess value obtained from the sales results obtained with all costs incurred as for the costs required in the production process must be efficient to a minimum so that expenses can be reduced so that indirectly can also maximize the profits or profits obtained

Capital
According to Sutrisno (2017: 41) states that working capital is the funds needed by the

company to meet the company's daily operational needs such as purchasing raw materials, paying workers' wages, paying debts and other payments. Based on the above opinion, a conclusion explanation can be drawn regarding the definition of capital is the total amount of current assets against current liabilities needed for the purposes of company activities.

Micro, small and medium enterprises are also businesses that run with the availability of capital from the time the business starts to the stage of running the business still requires capital to continue running the business and get an increase from before, one of which is expected to increase is the amount of profit or profit per certain period of time.

Business continuity is inseparable from two things, namely incoming funds and outgoing funds. These two funds must be managed properly so that the business carried out can be maximized and get the expected profit.

Business capital management is not only needed by the category of businesses that have developed and large businesses – businesses that are classified as micro, small and medium enterprises also require capital management in running their business. In line with the important role of business capital, there are several capital concepts, especially for the type of working capital based on Sutrisno (2017);

1. Quantitative working capital, namely the number of current asset factors that are focused on the amount of funds contained in assets that have a turnover of less than one year without taking into account the current debt of a business

2. Qualitative working capital, namely the overall current assets and also takes into account current liabilities that must be paid immediately so that special funds are obtained to finance the company's operations

3. Functional working capital, which is focused on the function of funds in obtaining direct income In addition to working capital, there is also capital that is included in the business capital, namely:

Investment capital is capital with fixed or consistent criteria for a certain period, for example leases, equipment and facilities that support the process of running a business or to produce a finished product This investment capital is non-volatile capital that is commonly used as capital or a steady flow of funds that does not change throughout a certain specified time.

Production Costs

Production costs according to experts are as follows Mulyadi (2015), production costs are the costs that occur to process raw materials into products that are ready for sale. The costs incurred to produce a product are commonly also called production costs:

1. Fixed Cost (FC)
   Fixed cost is defined as the total costs that must be incurred regularly and independently have no effect on the ongoing amount of production or the non-implementation of the amount of production. Generally, Fixed Cost is related to company assets that are important for long-term needs.

2. Variable Cost (VC)
   Variable Cost or non-fixed costs are costs with the characteristic of expenses depending on the amount of production. Therefore, the more goods produced, the greater the variable costs incurred. The amount of variable cost can be related to market conditions or the small amount of production of a product produced. The variable magnitude also depends on the state of the market. For example, when the number of market messages for goods increases, the value of variable costs that must be incurred increases. Examples of variable costs are: workers' salaries, raw material costs, marketing costs and distribution costs.

3. Average Cost
   Average Cost is also called average cost, which means average cost of production at each certain time stage. The way to determine the average cost value is to calculate the total number of production costs divided by the number of goods made. Determining the average cost is important because it can be a way to determine the selling price of goods or products.
   The average cost must be determined precisely because it is related to determining the selling price of an item's product. There is a linearity relationship between the average cost and the selling price of a product.

4. Marginal Cost (MC)
   Marginal Cost is any additional calculation that is carried out when there is an addition of one unit of production. Marginal Cost certainly has similarities with variable costs but in reality these two types of production costs are different.

MATERIALS & METHODS
The application of the analysis method used is with multiple linear regression analysis where the regression equation formed is composed of two independent variables, namely capital and production costs and one dependent variable, namely profits from micro, small and medium enterprises.
Khasan et al (2021) on simple regression often analyzes data that is ratio, interval or scale in nature. In this study, the data taken and will be analyzed based on the results of respondents' answers made in the form of a likert scale with four answer options 1 "strongly disagree", answer 2 " disagree", answer 3 " disagree", answer 4 " agree" and answer 5 "strongly agree".
In this study using a data collection tool
1. Observation is a technique that requires observation in the field either directly or indirectly on the object of study, the instrument used is an observation sheet

2. Questionnaire Contains statements with answers that have been provided by the researcher and given a value or commonly also called a Likert scale to make it easier to take quantitative data that will be carried out data analysis using the f test t test to test partial hypotheses and simultaneously

3. Interviews
   The instrument used for this technique is an interview guideline where the researcher has compiled every question he wants to know or the information from the object / subject to be studied, in the interview technique, interview guidelines are needed so that the questions submitted do not come out or do not widen from what should be asked.

4. Documentation For documentation techniques, it is also needed in research in order to find information or written information about variables from various written sources, records, transcripts, books, magazine meeting minutes, agendas and so on (Arikunto 2010: 274)

5. So documentation is very necessary to describe the phenomenon that wants to be researched at the research site based on written and non-written sources.

Data Analysis Techniques
The research data analysis technique uses multiple linear regression with the Statistical Program for Social Science (SPSS) series 25 program. Multiple linear regression is defined as a statistical method in which the number of free variables or independent variables is more than one. In this analysis, it can be seen how big the free variables are, namely capital (X1), production costs (X2), which affect the bound variable, namely profit (Y). The form of the equation is as follows (Sugiyono, 2002):

$$Y = a + b1X1 + b2X2 + e$$

where:
Y = business profit

a = constant of regression decision
b1 = regression coefficient of variable X (capitalization)
b2 = regression coefficient of variable X2 (production cost)

RESULTS AND DISCUSSION
Result
Statistical Analysis
Validity Test and Reliability Test

The questionnaires distributed to business collectors or entrepreneurs in Klambir Lima Kebun Village were 32 businesses, all questionnaires were worth testing. After validity tests and reliability tests are carried out, all items in the questionnaire are declared valid with the acquisition of rhitung > rcritical. The measurement criteria used are, if the rhitung value > 0.3 is the value of the rcritical value then the item is valid and if the rhitung value < 0.3 rcritical value then the item is invalid. The validity test results from the questionnaire or instrument used to measure for capital variables between 0.797 to 0.682 then it can be concluded that r count for all statements in the capital questionnaire >critical r value 0.3 with Cronbach's Alpha value > 0.6 which is 0.882 then the questionnaire in the variable (X1) is valid and reliable. For the results of the validity test of the production cost questionnaire or instrument used to measure variable production costs between 0.635 to 0.702, it can be concluded that r calculate for all statements in the capital questionnaire >critical r value 0.3 with Cronbach's Alpha > value 0.6 which is 0.879 then the questionnaire in the variable (X2) is valid and reliable for the validity and reliability test of the business profit questionnaire the results of the validation of items or instruments used to measure the business profit variable ranges from As for the validity test results from the questionnaire or instrument used to measure for the profit variable (Y) between 0.520 to 0.689, it can be concluded that r calculate for all statements in the capital questionnaire >critical r value 0.3 with Cronbach's value Alpha > 0.6 which is 0.823 then the questionnaire in variable (Y) is valid and reliable.

Data Analysis
Data processing using the SPSS 25 software program. Data analysis in this study used multiple linear regression with the aim of determining the direction of the relationship between variable capital and production costs to the profits of micro, small and medium enterprises in Klambir Lima Kebun Village, Hamparan Perak District, Deli Serdang Regency. Based on the results of data processing with multiple linear regression, the results as shown in Table 1 are as follows:

Table 1. The Results ff Data Processing

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	11.303	4.587		2.464	.020		
	Capitalization	.595	.167	.512	3.559	.001	.948	1.055
	Production Costs	-.292	.136	-.310	-2.153	.040	.948	1.055
a. Dependent Variable: Profit								

Source: primary data processed by researchers (2023)

Based on the multiple linear regression test above, the multiple regression equation is as follows:

$$Y = 11.303 + 0.595\ X1 - 0.292X2 + e$$

where:
Y = Profit
X1 = Capitalization
X2 = Production Costs
e = error

Based on the multiple regression equation above, the regression coefficient for capital is greater than the regression coefficient of production costs. So it can be said that capital has a large contribution to the profits of micro, small and medium enterprises

(MSMEs) in Klambir Lima Kebun Village, Hamparan Perak District, Deli Serdang Regency. The benefits of capital in a business are not only focused on a production activity but also for other things such as purchasing equipment

In developing a business to be even better in terms of business performance while production costs are used as a whole for production stages that aim to improve the results of the production process, the income from the sale of production products will increase.

t Test Hypothesis Test Results (Partial)

The magnitude of the influence of free variables on partially bound variables can be seen using the t distribution test or the t test. The magnitude of the difference between free and bound variables can be known using the t test. In this study, the t test was used to partially determine the variable X1 (capitalization) and the variable X2 (production costs) and profit (Y). The t-distribution tbel is used to make a comparison between the calculated value and the table t value so that it can be concluded whether the hypotises test partial influence between the free variable and the bound variable is proven or not by comparing both the calculated value and the table t value. Using the formula of degree of freedom or df = n – k. Where N is the number of samples and k is the variable (free and treikat). In this study, the sample used was 32 respondents with a total of 3 variables, then

To calculate the ttabel, the formula of degree of freedom or df = n – k. N is the number of samples and k is the variable (free and bound). In this study, the sample used was 32 respondents and the variables used were 3 variables, then df = 32 – 3 = 29. The signification rate used was 0.05 and the value df = 29 obtained a ttabel result of 2.045. Based on the results of the t test data that has been carried out, the results are as shown in Table 2 below

DISCUSSION

This study aims to determine the influence of capital and production costs simultaneously as follows:

1. The Effect of Capital on the Profits of Micro, Small and Medium Enterprises
   The results of the partial test using the t test obtained a calculated t value of 3.559 greater than the table t of 2.045 with a significant value of 0.01 smaller than the alpha sig value of 0.05. The test results show that it is varsally proven that the capital variable partially has a positive and significant effect on the profits of Micro, Small and Medium Enterprises. This shows that in this study at the research site, namely Klambir Lima Kebun Village, Hamparan Perak District, Deli Serdang Regency, Micro, Small and Medium Enterprises in terms of profits were also influenced by the amount of existing capital. So that if there is an increase in capital, it will certainly have a positive effect on the profits obtained by the company. Capital can be sourced from external business or from internal business. Juda capital can be obtained by taking external and internal business parties to increase the amount of capital. Some businesses also combine for one type of association by entrusting it to the right person. If the capital obtained can be as much as possible to be used, it will bring profits from the business in accordance with the amount of income obtained. For the formulation of the problem in the first point answered there is a positive and partially significant influence of capital variables on the profits of Micro, Small and Medium Enterprises.

2. Effect of Production Costs on Micro, Small and Medium Enterprises Profits
   To find answers to the formulation of the second point problem, a partial test t test will be carried out to find out whether there is a significant variable impact on production costs to the profits of Micro, Small and Medium

Enterprises. After a (partial) test obtained a calculated t value of -2.193 smaller than t table 2.045, it can be concluded that there is no positive and significant influence between the variable production costs on the profits of Micro, Small and Medium Enterprises or in other words the null hypothesis is accepted while the alternative hypothesis is rejected. The rejection of the alternative hypothesis is because the calculated t value obtained is smaller than the table t so it is guided by the test criteria for the t test the value of -2.193 for t count is smaller than the table is 2.045 with a sig value of 0.04 smaller than the alpha sig of 0.05.Therefore, it can be concluded that there is no positive and significant influence related to the cost of production on the profits of Micro, Small and Medium Enterprises in Klambir Lima Kebun Village, Hamparan Perak District, Deli Serdang Regency. This is the answer to the formulation of the second point problem that there is no positive and significant influence of production costs on the profits of Micro, Small and Medium Enterprises, but production costs have a significant negative effect on the profits of Micro, Small and Medium Enterprises, for this reason, it is better to consider ways to minimize production costs to maximize profits or receipts from the business being run.

3. Effect of Capital and Production Costs on the Profits of Micro, Small and Medium Enterprises

To find a solution or answer to the formulation of the third point problem, a simultaneous test or F test is carried out with the aim of knowing whether the capital variables and production costs simultaneously or together have a positive and significant effect on the profits of Micro, Small and Medium Enterprises. From the test results using the SPSS Ho softwere rejected and Ha receivedS Version 25, the test results were obtained with a calculated F value of 10.97 with a significant value of 0.000. The test criteria by comparing the value of f count with f of the table, if the value of f count > f table and sig < sig 0.05 then Ho is rejected and Ha is accepted, conversely if f count < f table daan sig >0.05 then the conclusion is that Ho is accepted and Ha is rejected.

CONCLUSION
Conclusion
Based on the results of the research that has been described above, it can be concluded that:
1. Capital partially has a positive and significant impact on the profits of Micro, Small and Medium Enterprises (MSMEs) in Klambir Lima Kebun Village, Hamparan Perak District, Deli Serdang Regency where t count = 3,559 > t table 2,045 with a significant value of 0.01 < sig alpha 0.05.
2. Production costs partially negatively and significantly affect the profits of Micro, Small and Medium Enterprises in Klambir Lima Kebun Village, Hamparan Perak District, Deli Serdang Regency where t count = -2.193 < from t tbael 2.045 with a significant value of 0.04 < sig alpha 0.05.
3. Capital and production costs simultaneously have a significant effect on the profits of Micro, Small and Medium Enterprises in KALAMBIR Lima Kebun Village, Hamparan Perak District, Deli Serdang Regency, where f count is 10,970 > f table 3,333 with a sig value of 0.000 < sig alpha 0.05.

Suggestions
Based on the results of the conclusions above, several points can be described for suggestions related to research as follows:
1. Suggestions for capital variables so that business actors in this case consider appropriately the funds allocated into business capital perioritas the use of capital to develop the business so that there is a positive increase in the

business being run and achieving the desired profit acquisition target.

2. In terms of financing because it has a negative effect and results in a decrease in profits, including funds to finance the production process, control must also be carried out where production is carried out to produce a product that is needed and sought after by consumers in the market. The production process is carried out as efficiently as possible where the products produced are indeed consumer needs while in the production process they must be minimized in order to achieve the expected profit. Of the three variables above, be it capital, production costs and business profits in its implementation, it would be better if it was made in the form of recording the administration of financial statements so that if there is a loss, it can be taken as a preventive measure as a step to avoid the risk of business failure.

3. Assistance is carried out to business actors who have businesses classified as Micro, Small and Medium Enterprises to be given additional knowledge related to capital calculations, production costs and business profits as a provision of knowledge for business actors to manage business finances which is very important as a basis for running a business.

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