



# The Effect of Working Capital and Financial Management on Sanrico Store MSME Income in Mojokerto Regency

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## ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) are productive businesses that are generally managed individually or by business entities and MSMEs themselves, including business fields that have a positive contribution in advancing the national economy. However, it is not uncommon to find problems in running MSMEs, such as in terms of working capital which will later be used to finance business operations and financial management which is still not properly recorded so that it can hinder the progress of these business activities. This study aims to determine the significant effect of working capital and financial management on the income of UMKM Sanrico Store. The type of research used is quantitative research with a descriptive approach. Data collection techniques used are interviews, observation, documentation. The method used in this research is Multiple Linear Regression Analysis, Classical Assumption Test, and Hypothesis Test using the SPSS program. Based on data management where the results of the T test in this study indicate that working capital has a positive and significant effect on income, and financial management also has a positive and significant effect on income. The simultaneous results with the F test in this study indicate that working capital and financial management simultaneously have a positive and significant effect on income. The value of R Square (R<sup>2</sup>) is 0.958 which indicates that 95.8% of working capital and financial management have an effect on income.

## 1. INTRODUCTION

Developments in the industrial world are currently increasing rapidly following trends or fashions as well as market demands that vary according to existing conditions. This very rapid development must be balanced with development in the economic field so that the results of development can be realized and evenly distributed. One form of industry that has an important influence on economic development is small and medium industries or what is often referred to as Small, Micro and Medium Enterprises (MSMEs). Based on the Undang-Undang Republik Indonesia Nomor 20 Tahun, 2008 which describes MSME which is defined as a form of small business where this business is run by an individual (individual) or a small group that has a certain amount of total wealth and income. Development of UMKM in Indonesia has begun to spread widely, from various circles starting to understand how important the existence of MSMEs is today. This makes MSMEs one of the drivers in supporting the Indonesian economy (Natalina et al., 2021; Rosmadi, 2021; Zia, 2020). One area that has the potential to do business even though there are many MSMEs competitors from various product and service fields is the Mojokerto Regency area. anrico Store is one of the SMEs engaged in the field of tools for storage needs for jewelry. The products sold by this business are displays.

However, in building a business, there are also problems that can become obstacles for MSME actors in advancing their business, including working capital. According to Sujarweni (2017) which states that working capital is the investment of company funds which are generally in the form of cash, securities, receivables and inventories, which will later be reduced by the amount of current liabilities in the form of current debt and will later be used to finance current assets. Apart from working capital, there is financial management which is an important component in running an MSME. If financial management is not organized it can become a problem in the MSME development process. The definition of financial management itself according to Sri Astuty (2019) financial management is an activity that prioritizes how someone can wisely obtain and use the funds contained in all lines of activity, including

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those that are being carried out in companies, entrepreneurs, and individuals. The company's funds must be known about the wealth structure, financial structure, and also the capital structure. Based on the problems previously described, researchers have an interest in further studying and conducting research to find out how working capital and financial management influence the income of UMKM Sanrico Store in Mojokerto Regency.

**2. METHODS**

This research was conducted using a quantitative research method using a descriptive approach. The type of data that will be used in this study includes quantitative data. Quantitative data is financial report data that is measured using units of money owned by the UMKM Sanrico Store in the period 2020 to 2022. Where this data comes from working capital reports, income statements, cash flow reports. Methods of data collection in this research through field studies (interviews), observation (observation, documentation), literature study. The purpose of this study was to determine the effect of working capital and financial management on the income of UMKM Sanrico Store. The data analysis used consisted of descriptive statistical tests, classic assumption tests (normality test, multicollinearity test, heteroscedasticity test, autocorrelation test). Hypothesis testing uses multiple linear regression analysis, simultaneous F test, partial T test, correlation coefficient test, coefficient of determination test.

**3. RESULTS AND DISCUSSIONS**

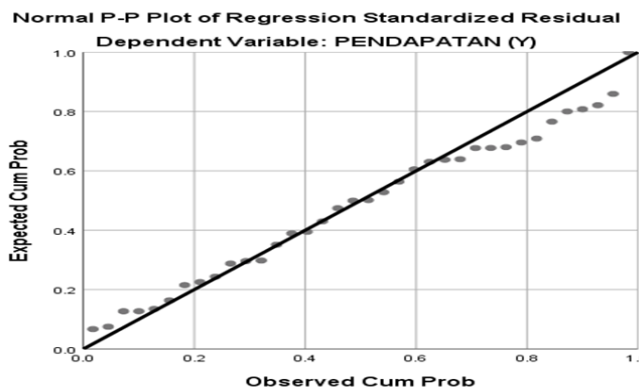
**Normality test**

**Table 1** Kolmogorov Smirnov Normality Test  
**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		36
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	240284.42604775
Most Extreme Differences	Absolute	.119
	Positive	.119
	Negative	-.064
Test Statistic		.119
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

The first normality test using the Kolmogorov-Smirnov method was carried out to test the normality of the residual data which states that in this test a significant value must be above 0.05. From the table it can be seen if the results of testing the data produce a significance level of 0.200 where the value of this significance level is above the significance number of 0.05 so that the data is normally distributed.



**Figure 1** Normal P-P Plot Normality Test

From Figure 1 it is shown that if the data has shown a normal graph, this can be seen from the points on the graph that have gone towards or are approaching the direction of the diagonal line, which can be interpreted if the regression data has fulfilled its assumption of normality.

**Multicollinearity Test**

**Table 2 Multicollinearity Test**

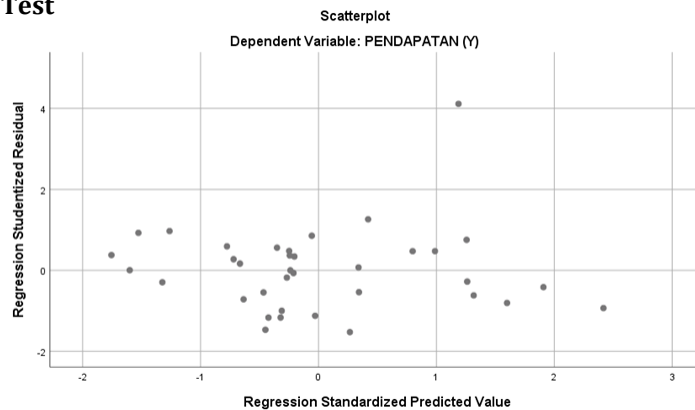
**Coefficients<sup>a</sup>**

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	MODAL KERJA (X1)	.196	5.109
	PENGELOLAAN KEUANGAN (X2)	.196	5.109

a. Dependent Variable: PENDAPATAN (Y)

Multicollinearity can be known from the results of Tolerance and Variance Inflation Factor (VIF). In accordance with the results of the multicollinearity test as in the table above, which states that if the Tolerance value is > 0.10, which is at a value of 0.196 and the independent variable itself also has a VIF value of <10 at a value of 5.109, it can be interpreted that if there are no symptoms of multicollinearity between variables.

**Heteroscedasticity Test**



**Figure 2 Heteroscedasticity Test**

According to Figure 2 above, where the data points have been randomly scattered around the number 0 line, the points are not only spread on the top and bottom, the distribution from this point has no motive. From the test results it can be concluded that the data does not show heteroscedasticity in the regression model.

## Autocorrelation Test

**Table 3** Autocorrelation Test

**Model Summary<sup>b</sup>**

Model	R	R Square	Durbin-Watson
1	.979 <sup>a</sup>	.958	1.890

a. Predictors: (Constant), PENGELOLAAN KEUANGAN (X2), MODAL KERJA (X1)

b. Dependent Variable: PENDAPATAN (Y)

In accordance with table 4.4.3.3 it is produced if the Durbin-Watson (DW) value is 1.890. The DU value through the Durbin-Watson table is 1.587. Based on the provisions of the autocorrelation test, it can be seen that the value of  $DU < DW < 4 - DU = 1.587 < 1.890 < 2.413$ . So, based on the results using Durbin-Watson it can be concluded that there are no autocorrelation symptoms.

## Multiple Linear Regression Analysis

**Table 4** Multiple Linear Regression Analysis  
**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	196164.238	220870.835
	MODAL KERJA (X1)	.979	.096
	PENGELOLAAN KEUANGAN (X2)	.322	.153

a. Dependent Variable: PENDAPATAN (Y)

In accordance with table 4.5.1 above, the form of the multiple linear regression equation is obtained, namely:

$$Y = a + b_1X_1 + b_2X_2$$

$$Y = 196164.238 + 0.979X_1 + 0.322X_2$$

The interpretation of this equation is:

1. If the values of the variables X1 and X2 are considered constant = 0 (no changes occur in any form), then the value of income is 196164.238.
2. The coefficient value of the variable X1 is 0.979 which has a positive sign, this indicates that working capital has a significant effect on the income variable.
3. The coefficient value of the variable X2 is 0.322 which has a positive sign, this indicates that financial management has a significant influence on the income variable.

## Uji F Simultan

**Table 5** Simultaneous F Test

**ANOVA<sup>a</sup>**

Model		df	F	Sig.
1	Regression	2	374.532	.000 <sup>b</sup>
	Residual	33		
	Total	35		

a. Dependent Variable: PENDAPATAN (Y)

b. Predictors: (Constant), PENGELOLAAN KEUANGAN (X2), MODAL KERJA (X1)

In accordance with table 4.5.3 above, the results of tests carried out simultaneously (X1) and (X2) provide a significance value of 0.000. The significance value is lower than the probability value of 0.05. Then the calculated f value is 374.532, then the f table value is 3.23. Because the results of the calculated f value > from f table, it can be concluded that working capital (X1) and financial management (X2) have a significant and simultaneous influence on income (Y).

**Partial T test**

**Table 6** Partial T Test

**Coefficients<sup>a</sup>**

Model		t	Sig.
1	(Constant)	.888	.381
	MODAL KERJA (X1)	10.188	.000
	PENGELOLAAN KEUANGAN (X2)	2.102	.043

a. Dependent Variable: PENDAPATAN (Y)

The working capital variable has a t count of 10.188, while the t table value is 2.035. Because t count 10.188 is higher than t table 2.035. So it can be interpreted that there is a significant effect of working capital on income. Then the financial management variable has a t count, which is 2.102, and for t table, it is 2.035. Because the t count value is 2.102 > from t table 2.035 it can be interpreted that there is a significant influence from financial management on income.

**Correlation Coefficient Test**

**Table 7** Correlation Coefficient Test

**Model Summary<sup>b</sup>**

Model	R	R Square
1	.979 <sup>a</sup>	.958

a. Predictors: (Constant), PENGELOLAAN KEUANGAN (X2), MODAL KERJA (X1)

b. Dependent Variable: PENDAPATAN (Y)

In accordance with table 7 above where the correlation coefficient can be known if the R value states that there is a correlation of the independent variable and the dependent variable with a value of 0.979 or 97.9%, if these results are adjusted to the Guidelines for Interpreting the Correlation Coefficient so that conclusions can be drawn if the independent and dependent variables have very strong correlation.

**Determination Coefficient Test (R2)**

**Table 8** Test of the Coefficient of Determination (R2)

**Model Summary<sup>b</sup>**

Model	R	R Square
1	.979 <sup>a</sup>	.958

a. Predictors: (Constant), PENGELOLAAN KEUANGAN (X2), MODAL KERJA (X1)

b. Dependent Variable: PENDAPATAN (Y)

In accordance with the results of the table above, it can be seen that the value of the coefficient of determination is 0.958. The results of this test can be stated if the variable has an effect of 95.8% on the dependent variable. Meanwhile the value is 4.2%, where the rest comes from other variables not recorded in the research flow.

## Discussion

The purpose of this research is to find out how much working capital and financial management influence the income of the UMKM Sanrico Store in Mojokerto Regency by using quantitative data in the 2020-2022 period. The results of calculations and data processing show that there is a significant effect of working capital and financial management on income. This statement is explained in the following explanation: In accordance with the research results obtained in the calculation of the multiple linear regression coefficient on working capital with a coefficient value of 0.979 and a financial management coefficient value of 0.322. The resulting constant is 196164.238 which is positive and can be interpreted if working capital and financial management are considered constant then the amount of income is 196164.238. For the regression coefficient for working capital, which is 0.979, it can be interpreted that if working capital increases, it will increase income by 0.979. The financial management coefficient is 0.322, which means that if financial management increases, it will increase income by 0.322.

Working capital and financial management also have a positive and significant effect simultaneously (together) with the  $f_{count}$  value higher than the  $f_{table}$  value ( $374,532 > 3.23$ ). There is a positive and significant effect of the working capital variable on income with a  $t_{count}$  higher than  $t_{table}$  ( $10.188 > 2.035$ ). In the financial management variable there is a positive and significant effect on income with a  $t_{count}$  higher than  $t_{table}$  ( $2.102 > 2.035$ ).

The results of this study are in line with Lestari (2018) through the data testing results obtained a significance value of 0.000. (Febriyantoro & Arisandi, 2018; Saraswati, 2020) This value is of course lower than 0.00. So based on the results of this test it can be concluded that working capital has a positive and significant influence on the income received by Rehana MSMEs in Bungah District, Gresik Regency. In addition, it can be said that if the use of working capital is higher, it does not rule out the possibility that MSMEs change the capacity of production so that MSME actors will automatically earn higher income. And also these results are in line with research conducted by Suindari (2020) based on data processing resulting in a  $t$  test value for financial management, a significance value of 0.000 is obtained and a regression coefficient value of 0.543. The financial management variable has a significance value of 0.00 and this value is of course lower than 0.05 which means that financial management has a positive influence on the performance level of a business. By carrying out good financial management, the performance of MSMEs will automatically increase.

## 4. CONCLUSION

In accordance with the results of research that examines the effect of working capital and financial management on the income of MSMEs Sanrico Store in Mojokerto Regency using financial report data for the 2020-2022 period. It can be concluded that working capital and financial management variables have a positive and significant influence simultaneously with a significant value of 0.000. Partially, the working capital variable has a positive and significant effect on income with a significant value of 0.000. The financial management variable has a positive and significant effect on income with a significance value of 0.043.

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