

Research Article

Iyan Sugiana^{1*}, Agus Koni², Wawan Kurniawan³

Improving The Capital Management System For Micro Small And Medium Enterprises On The Quality Of Human Resources

*Corresponding Author: **Iyan Sugiana**: STEI Al-Amar Subang; iyansugiana@gmail.com

Agus Koni: STEI Al-Amar Subang; putraelqoni@gmail.com

Wawan Kurniawan: STEI Al-Amar Subang; wawan.kurniawan@steialamar.ac.id

Received: September 18, 2024; Accepted: September 24, 2024; Online: September 30, 2024 | DOI: <https://doi.org/10.47353/ijema.v2i4.193>

Abstract: *Micro, Small and Medium Enterprises (MSMEs) are one of the important pillars in the Indonesian economy. MSMEs contribute greatly to the community's economy and employment. However, MSMEs in Indonesia still face various challenges, one of which is the management of business capital that is not optimal. This causes the low quality of human resources (SDI) in MSMEs. This study was conducted to analyze how the relationship between the business capital management system and the quality of human resources (SDI). The type of research used is qualitative, with interview research methods on participants, namely MSME and SDI actors in it. The results showed that there is a positive relationship between the business capital management system and the level of quality of human resources, where with a good capital management system will improve the quality of human resources in the business and vice versa if the level of quality of human resources in the business is better it will increase business development, therefore the role of the government is very influential on this condition where the government can provide training and guidance related to human resources so that their knowledge and skills increase related to the capital management system and human resource performance (SDI).*

Keywords: *MSMEs, Human Resources, Knowledge, Skills, Performance.*

Introduction

Micro, Small and Medium Enterprises are one of the backbones of the Indonesian economy and have quite an important role in supporting the community economy and national economic development. Even during the crisis that hit Indonesia in mid-1997, it was proven that in difficult economic conditions, not many small industries were able to survive the crisis.

The position of small industries or micro businesses in Indonesia has gained an important place. This is because it can absorb a large workforce, contributes to smooth economic circulation and is able to coexist with large businesses (Kusrianti & Wahyuni., 2022). Small businesses are also able to live on the sidelines of large businesses by making unique and special products so that they do not consider large businesses as competitors. Small industries generally start from home industries on a micro scale which then develop.

One of the small industries being developed by the government is Micro, Small, and Medium Enterprises. Micro, Small, and Medium Enterprises in the community include household industries or micro-enterprises that are capable enough to overcome poverty, unemployment, equalize income, absorb labor, and increase business development.

According to (Koni, 2021) business development must be accompanied by development of the quality of human resources so that efforts can be made to develop the potential of each region through the maximum use of natural resources and other resources. One example is the development of the industrial sector in regions or small industries in rural areas. Small industries have a fairly large role in the economy because many people depend on these small industries for their livelihoods.

The role of Micro, Small and Medium Enterprises (MSMEs) cannot be doubted, but on the other hand, MSMEs also face problems and obstacles both internal and external. It looks like the low quality of SDI, lack of banking information and access to capital and weak ability to innovate.

Business capital is the key to the start of every production. Where large capital will affect business development. Because capital is needed when entrepreneurs want to set up a new company or to expand an existing business, without sufficient capital it will affect the smooth running of the business, thus affecting the income obtained. Capital can come from personal capital or loan capital from other parties such as financial institutions (Arifin dkk, 2018).

However, in general, micro, small and medium business actors prefer to use personal capital which is not too large. MSME players are also faced with the problem of difficulty in accessing institutions that can provide loans for additional business capital. So capital injection is also needed to develop the business, because it is very difficult to increase sales turnover without additional capital. In this way, capital can influence business development, because the more capital a business actor has, the more volume his business can expand to develop.

The low quality of competent human resources and lack of knowledge has an impact on management performance and lack of product innovation. Apart from that, difficulties in accessing capital have resulted in MSMEs having difficulty increasing their business capacity and developing products that are currently competitive.

Most micro, small and medium enterprises in this village still have limitations in capital management, limited access to financing sources and a lack of ability to prepare budgets. These limitations in capital management can have a negative impact on the quality of human resources (SDI). This is because MSMEs that do not have good capital management will find it difficult to develop their business, so they will not be able to provide employment opportunities and prosperity for the workforce.

Apart from that, capital management can also influence business development where the capital management system itself is a series of policies and procedures used to manage business capital. A good capital management system can help MSMEs to manage capital efficiently and effectively. Efficient and effective capital management can increase the productivity and competitiveness of MSMEs. Apart from that, a good capital management system can also be used to improve the quality of human resources (SDI) of MSME players. High quality SDI can increase the productivity and competitiveness of MSMEs.

A good capital management system can also be used to improve the quality of human resources (SDI) of MSME players. High quality SDI can increase the productivity and competitiveness of MSMEs. Improving the quality of MSME SDI can be done in various ways, one of which is through providing training and education to MSME workers. Training and education can improve the skills, knowledge, and work attitudes of MSME workers.

Good capital management and improving the quality of human resources for MSME players are two interrelated things. Good capital management can increase MSMEs' access to capital, which can then be used to improve the quality of SDI. Improving the quality of SDI will have a positive impact on the productivity and competitiveness of MSMEs. This will have a positive impact on economic growth and community welfare.

Method

This research seeks to analyze and describe improving the capital management system of micro, small and medium enterprises on the quality of human resources. The type of research used in this research

is a descriptive analysis method. According to (Haris, 2023) descriptive analysis is empirical research that investigates a specific symptom or phenomenon in a real life setting. The results of this research were collected using primary data and secondary data.

The approach used in this research is a qualitative approach. According to Bogdan and Taylor in (Arifudin, 2023), a qualitative approach is a research procedure that produces descriptive data in the form of written or spoken words from people and observable behavior. According to (Saepudin, 2021) the method is to transcribe the data, then coding the notes in the field and interpreting the data to obtain conclusions.

This research uses qualitative research with field research methods (field research). According to (Sappaile, 2024) this approach is adapted to the main aim of the research, namely, to describe and analyze improving the capital management system of micro, small and medium enterprises on the quality of human resources. So that this method will be able to explain the problems of the research (Tanjung, 2023).

Determining appropriate data collection techniques greatly determines the scientific truth of a research. The data collection techniques used in this research are observation, interviews, and documentation.

Engineering can be seen to perform technical work carefully using the mind to achieve a goal. Even though the study is an effort within the scope of science, it is carried out to collect realistic data systematically to realize the truth. Research methodology is a means to find a cure for any problem. In this case, the author collects information about improving the capital management system of micro, small and medium enterprises on the quality of human resources from books, articles, journals, theses, theses, ebooks, etc. (Saepudin, 2019).

Because it requires material from the library as a data source, this research utilizes library research. Researchers need books, scientific articles and other literature related to the topics and problems they explore, both print and online (Arifin, 2024).

Searching for information from data sources requires the use of data collection techniques. Amir Hamzah in (Arifudin, 2024) claims that data collection is an effort to collect information related to the subject under study. The author uses library research methods to collect data. Specifically, the author starts with the library to collect information from books, dictionaries, journals, encyclopedias, papers, periodicals, and other sources that provide views regarding improving the capital management system of micro, small and medium enterprises on the quality of human resources.

Furthermore, Amir Hamzah in (Nasem, 2018) said that data collection means various efforts to collect facts related to the topic of discussion that is being or will be explored. These details can be found in scientific literature, research and scientific writings, dissertations, these and other written sources. According to (Hanafiah, 2021) data collection can be carried out in various circumstances, using different sources, and using different techniques.

Observation is part of the research process directly regarding the phenomena to be researched (Saepudin, 2020). With this method, researchers can see and directly feel the atmosphere and condition of the research subject (Kartika, 2022). The things observed in this research are about improving the capital management system of micro, small and medium enterprises on the quality of human resources.

The interview technique in this research is a structured interview, namely interviews conducted using various standard guidelines that have been established, questions are arranged according to information needs and each question is needed to reveal any empirical data (Rahayu, 2020).

Documentation is a technique for collecting data through existing documents or written notes. Documentation comes from the word document, which means written items. In implementing the

documentation method, researchers investigate written objects, such as books, magazines, meeting minutes and diaries. According to Moleong in (Jumiati, 2024) the documentation method is a way of collecting information or data through examining archives and documents. Documentation strategies are also data collection techniques proposed to research subjects. This data collection method using the documentation method was carried out to obtain data about the condition of the institution (research object), namely improving the capital management system of micro, small and medium enterprises on the quality of human resources.

Muhadjir in (Tanjung, 2020) states that data analysis is the activity of carrying out, searching for, and compiling records of findings systematically through observations and interviews so that researchers focus on the research they are studying. After that, make the findings material for other people, edit, classify, and present it.

Results and Discussion

Definition of Micro, Small and Medium Enterprises (MSMEs refer to Law Number 20 of 2008. Where MSMEs are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises. In Indonesia, many MSMEs are found in existing conditions. Those that are developing well and those that are not developing well are because in their development these MSMEs have obstacles, namely lack of capital and lack of understanding of the human resources of business managers regarding a good business capital management system. In fact, MSMEs are well developed. has a big role in creating jobs and encouraging economic growth in the community and local economy. Because these obstacles make it difficult for MSMEs to develop and improve the quality of Human Resources (SDI).

According to business capital theory, capital is one of the production factors that is important for the success of a business. Business capital can be in the form of financial capital, physical capital and human capital. Financial capital is used to finance business activities, such as purchasing raw materials, equipment, and labor (Widagdo, 2016). Physical capital is used to produce goods or services, such as machines, buildings, and equipment. Human capital is used to manage and operate a business, such as skills, knowledge, and experience (Shavab, 2021). Capital consists of money and labor (Hutahaean, 2020).

This thing that influences the amount of capital is the business period or the time for the company to produce the desired product. Capital in the form of money is needed to finance all business needs, starting from pre-investment costs, obtaining permits, investment costs for purchasing fixed assets, to working capital.

Meanwhile, capital can also take the form of expertise, where this expertise is a person's ability to manage or run businesses that require a longer period, requiring relatively large capital. Calculations regarding the size of business needs need to be done before the business is run. From a management perspective, business capital is one component of financial management. Financial management is the process of planning, budgeting, collecting, storing, and using funds to achieve business goals. A good business capital management system can support effective and efficient financial management (Arfiandy dkk, 2023).

Obstacles regarding the business capital management system are caused by a lack of business capital planning. Low awareness of the importance of capital planning. MSMEs tend to focus on daily operational aspects rather than long-term planning. Second, limited knowledge and skills in planning capital for MSMEs admits a lack of understanding of financial management and investment. Third, the challenge of

access to capital is that MSMEs have difficulty obtaining capital from formal financial institutions due to strict requirements and the reluctance of these institutions to provide loans to MSMEs with limited capital.

Based on the research results, it was found that business actors do not create and implement capital planning in their business capital management system, this is due to knowledge and understanding regarding capital planning, that capital planning is an important thing in the business capital management system and business capital planning is an important step in building and developing business, factors that must be considered in capital planning so that there is no business capital planning and this adds to the difficulty of access to capital.

Business actors do not implement capital budgeting which is an obstacle in implementing capital budgets by MSME actors. First, there is a lack of understanding of the importance of the capital budget. MSMEs tend to view the capital budget as a complex process and not very relevant to their business. Second, due to the lack of expertise in preparing and implementing capital budgets, many MSME actors admit that they do not have adequate knowledge or experience in this matter.

Business actors do not implement capital controls, which influences the lack of implementation of capital controls by MSME actors. First, there is low awareness of the importance of capital control. Many MSME players do not understand the benefits of capital control in improving the performance and financial stability of their companies. Second, the lack of knowledge and skills in implementing capital control techniques, business actors admit that they do not have an adequate understanding of the concepts and practices of capital control. Third, limited resources required to implement capital controls effectively; especially in terms of access to systems and technology needed for quality financial monitoring and evaluation.

Business actors do not implement capital controls, which influences the lack of implementation of capital controls by MSME actors. First, there is low awareness of the importance of capital control. Many MSME players do not understand the benefits of capital control in improving the performance and financial stability of their companies. Second, the lack of knowledge and skills in implementing capital control techniques, business actors admit that they do not have an adequate understanding of the concepts and practices of capital control. Third, limited resources are needed to implement capital controls effectively, especially in terms of access to systems and technology needed for quality financial monitoring and evaluation.

The need for a deep approach to support MSME players, which includes increasing awareness of the importance of capital planning, capital budgeting and business capital control by providing training and assistance in financial management, as well as providing easier access to business capital. low knowledge of human resources where SDI lacks understanding of capital and business capital management systems where business capital is an important factor in business development. Business capital is also known for limited access to capital from financial institutions such as banks or non-bank institutions and high loan interest rates.

Therefore, it is necessary to improve the business capital management system. Human resources must have knowledge of a good business capital management system. Based on business capital theory, there are indicators of stages in managing business capital, namely human resources must have a business capital plan so that existing business capital is used efficiently to avoid the risk of capital shortages.

Human resources must also have a capital budgeting plan in running a business to increase opportunities for business development and avoid losses. Apart from that, human resources must control

capital as well as possible so that business capital is used effectively and efficiently. Capital control can increase business profitability, reduce the risk of unstable finances, and ensure business continuity.

Before that, improving the quality of human resources also needs to be considered because based on previous research human resources have an influence on business development, because the quality of human resources is a supporting factor in improving the capital management system in business.

Lack of HR knowledge and skills has a significant impact on capital management in MSMEs. Business actors indicate that a lack of knowledge about financial management, capital planning and capital control is often the main obstacle in effective capital management. In addition, a lack of skills in applying appropriate capital management techniques, such as cost-income analysis, budgeting, and cash flow management, is also an inhibiting factor.

Based on the theory of human resource quality, there are several areas regarding the quality of human resources, including knowledge and skills. Knowledge and skills of human resources are important, with a good level of knowledge and skills employees can carry out their work in accordance with established procedures and rules so that they can achieve optimal results.

Apart from that, there are aspects of attitudes and behavior which are references to the quality of human resources. Attitudes and behavior refer to the way employees think and act in their work. SDI attitudes and behavior determine SDI performance in the organization so that employees have clear goals and are more motivated and achieve productive results. The lack of supportive attitudes and behavior in capital management is one of the main factors preventing MSMEs from reaching their full potential. First, many employees and owners of MSMEs lack awareness of the importance of effective capital management, so they tend to ignore practices that can increase efficiency and productivity. Second, a less proactive attitude and resistance to change; most respondents indicated an inability to adapt to new technologies and strategies that could improve capital management. Third, lack of interpersonal skills and team abilities, this deficiency hampers MSMEs' ability to form effective teams to plan and manage capital well.

The level of quality of human resources is also seen from the performance of SDI where performance is the quality and quantity produced by SDI in a company or its work so that quality performance will have a good effect on the company. A company needs employees who have good performance as its workforce. to increase product quantity and quality.

The lack of supportive attitudes and behavior in capital management is one of the main factors preventing MSMEs from reaching their full potential. First, many employees and owners of MSMEs lack awareness of the importance of effective capital management, so they tend to ignore practices that can increase efficiency and productivity. Second, a less proactive attitude and resistance to change. Most respondents indicated an inability to adapt to new technologies and strategies that could improve capital management. Third, lack of interpersonal skills and team abilities; This deficiency hampers MSMEs' ability to form effective teams to plan and manage capital well.

Improving the quality of human resources can be done through training and mentoring. Increasing knowledge and skills aims to ensure that human resources have better knowledge and skills in managing businesses, such as production, marketing and financial management and HR has higher motivation and productivity, so that it can increase production and sales and SDI has a better culture of learning and self-development, so that it can continue to improve its quality.

Improving the quality of human resources also has an impact on increasing business competitiveness. MSMEs with quality human resources can produce better products and services, so they can compete in the market and increase their income. So, for MSMEs to have quality human resources, it

is necessary to improve a good capital management system. With a good capital management system, MSMEs have greater funds to finance HR training and development. This allows human resources to improve their skills and knowledge, which can improve their performance and productivity.

So, there is a significant relationship between the business capital management system and the level of quality of human resources, where a good business capital management system will increase access to capital sources and a capital management system which can then be used to improve the quality of human resources. So, the need to improve the quality of human resources will have a positive impact on productivity and business competitiveness. And it will have a positive impact on business development, the economy and welfare so that businesses can progress and improve. Apart from that, there is also a need to improve the capital management system which has an impact on the quality of human resources.

Conclusion

Several MSMEs in Dawuan Kidul Village are having problems with access to capital sources due to the difficulty of access and high interest rates on loans provided by loan providers, while problems with the capital management system are due to the low level of quality of human resources. These obstacles can be seen from the difficulty of human resources' knowledge regarding improving the management system. venture capital. In increasing access to capital, human resources must have knowledge of what must be done and be prepared to obtain a capital loan budget from bank or non-bank financial institutions and the government or loan provider institutions must act regarding access to capital, as well as in improving the human resource capital management system. must have knowledge of a good capital management system where a good capital management system can be carried out through: Capital planning, capital budgeting, and business capital control.

References

- Arfianty dkk. (2023). *Manajemen keuangan*. Bandung : Widina Bhakti Persada.
- Arifin dkk. (2018). Strategi Pengembangan Usaha Pada UMKM Baju Bayi Indra Collection. *Jurnal Abdimas BSI: Jurnal Pengabdian Kepada Masyarakat.*, 1(2), 1–10.
- Arifin, A. (2024). The Relationship Between Classroom Environment, Teacher Professional Development, and Student Academic Performance in Secondary Education. *International Education Trend Issues*, 2(2), 151–159.
- Arifudin, O. (2023). Pendampingan Meningkatkan Kemampuan Mahasiswa Dalam Submit Jurnal Ilmiah Pada Open Journal System. *Jurnal Bakti Tahsinia* 1, no. 1: 50–58.
- Arifudin, O. (2024). Utilization of Artificial Intelligence in Scientific Writing. *Journal of Technology Global* 1, no. 2: 131–140.
- Hanafiah, H. (2021). Pelatihan Software Mendeley Dalam Peningkatan Kualitas Artikel Ilmiah Bagi Mahasiswa. *Jurnal Karya Abdi Masyarakat*, 5(2), 213–220.
- Haris, I. (2023). Pengenalan Teknis Penggunaan Software Turnitin Dan Mendeley Dekstop Untuk Meningkatkan Kualitas Karya Ilmiah Mahasiswa Baru. *Journal Of Human And Education (JAHE)* 3, no. 2 : 172–178.
- Hutahaean. (2020). Analisis faktor faktor yang mempengaruhi pendapatan usaha kecil menengah (ukm) masa pandemi covid 19 di kabupaten deliserdang. *Journal Economics and Strategy.*, 1(1), 1–10.

- Jumiati, E. (2024). Women's Empowerment, Social Inclusion, And Attitude Change Through A Study Of Sekoper Cinta Model In Cibogo Hilir Village Plered Purwakarta. *Community Development Journal: Jurnal Pengabdian Masyarakat*, 5(1), 1568–1576.
- Kartika, I. (2022). Implementasi Manajemen Mutu Pembelajaran Sebagai Upaya Meningkatkan Mutu Pembelajaran Di Sekolah Dasar. *Jurnal Al-Amar: Ekonomi Syariah, Perbankan Syariah, Agama Islam, Manajemen Dan Pendidikan*, 3(2), 144–157.
- Koni, A. (2021). *Manajemen Sumber Daya Insani (Sebuah Konsep-konsep dan Implementasi)*. Bandung : CV Widina Media Utama.
- Kusrianti & Wahyuni. (2022). Determinan Keberhasilan Usaha Mikro Kecil Menengah (UMKM) Pada Kecamatan Mandau. *Jurnal IAKP: Jurnal Inovasi Akuntansi Keuangan & Perpajakan.*, 3(2), 191–204.
- Nasem, N. (2018). Pengaruh Pelatihan dan Motivasi terhadap Produktivitas Kerja Tenaga Kependidikan Stit Rakeyan Santang Karawang. *Jurnal Manajemen, Ekonomi Dan Akuntansi*, 2(3), 209–218.
- Rahayu, Y. N. (2020). *Program Linier (Teori Dan Aplikasi)*. Bandung : Widina Bhakti Persada.
- Saepudin, S. (2019). The Effect of Work Ethic on The Professional Competences of University Lecturers at Jakarta of Indonesia. *First International Conference on Administration Science (ICAS 2019)*, 327–332.
- Saepudin, S. (2020). Manajemen kompetensi dosen berbasis Islam dalam mewujudkan perguruan tinggi bermutu. *Ta'dibuna: Jurnal Pendidikan Islam*, 9(1), 089–101.
- Saepudin, S. (2021). Improving the Ability to Understand the Quran Reading through the Application of the Mind Map Method during the Covid 19 Pandemic in Al-Qur'an Education Institutions Qurrota A'yun at Kutaraja Village, Maleber District, Kuningan Regency. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*, 4(4), 14331–14338.
- Sappaile, B. I. (2024). The Role of Artificial Intelligence in the Development of Digital Era Educational Progress. *Journal of Artificial Intelligence and Development*, 3(1), 1–8.
- Shavab, F. A. (2021). *Dasar Manajemen & Kewirausahaan (Sebuah Tinjauan Teori Dan Praktis)*. Bandung: Widina Bhakti Persada.
- Tanjung, R. (2020). Pengembangan UKM Turubuk Pangsit Makanan Khas Kabupaten Karawang. *Jurnal Karya Abdi Masyarakat* 4, no. 2: 323–332.
- Tanjung, R. (2023). Pendampingan Meningkatkan Kemampuan Mahasiswa Dalam Menulis Jurnal Ilmiah. *Jurnal Karya Inovasi Pengabdian Masyarakat (JKIPM)*, 1(1), 42–52.
- Widagdo. (2016). Faktor Internal Produksi Dan Pengaruhnya Dalam Perkembangan Usaha Atau Industri. *Al-Amwal: Jurnal Ekonomi Dan Perbankan Syari'ah.*, 6(1), 1–10.