

# Analysis of the Effect of Business Capital, E-Commerce, and Education Level on MSMEs Revenues (Causal Study on Tanah Abang Market Block B)

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**Abstract:** *The purpose of this study is to analyze the effect of Business capital, e-commerce, and education level on MSMEs revenue. The population in this study are all textile entrepreneurs in the Tanah Abang Market Block B. Determination of the number of samples is by using the Slovin formula, the number of samples is 100 respondents and in this study using the random purposive sampling method. Data analysis method used in this research is to use multiple linear regression models with SPSS version 23. the results of this study prove that business capital and e-commerce partially have a significant effect on MSMEs income, while the level of education has no effect on MSMEs income.*

**Keywords:** Business capital, E-Commerce, Education level, Revenue, MSME

## 1. Introduction

The existence of Micro, Small and Medium Enterprises (MSMEs) is a very important in the economy, where in economic conditions that are not conducive, MSMEs are alternatives that can reduce the heavy burden faced by the national economy. This is evident when the global crisis that occurred a few years ago MSMEs were still able to survive compared to large-scale businesses, although people's revenue declined during the crisis but did not affect the demand for goods and services produced by MSMEs. The number of MSMEs in Indonesia tends to increase in 2017 reaching 62,922,617 units, these number rose positively towards 2.06% from the previous year of 1,243,322 units. Although the development trend of MSMEs is moving in a positively, it turns out that MSMEs in Indonesia are still lagging behind developed countries, this number is relatively minimal compared to the level of entrepreneurs in developed countries, which can reach 14 percent. The lagging of Indonesian MSMEs with developed countries is due to several major problems faced by Indonesian MSMEs.

The scale of MSMEs economic activity contributes 60% to the total Gross Domestic Product (GDP) of Indonesia. Indonesia's GDP at the base price was around IDR 12,840.8 trillion in 2017. It means that the total MSMEs revenue is around IDR 7,704.6 trillion. Micro businesses contribute IDR 4,727.9 trillion per year, small businesses contribute IDR 1,234.2 trillion, medium businesses contribute IDR 1,742.4 trillion and large businesses around IDR 5,136.2 trillion per year. Micro businesses have an average value of operating revenue of around IDR 76 million per year or IDR 253 thousand per day, small businesses IDR 1,62 billion per year or IDR 5.4 million per day, and medium businesses IDR 29.7 billion per year or IDR 99 million per day, While the average large business revenue is around Rp. 940 billion per year or Rp. 3 billion per day (assuming 300 days per year). this shows the

productivity of large businesses in generating revenue 12,358 times greater than micro businesses, 577 times more than small businesses, and 32 times more than medium businesses.

This implies that the productivity of medium, small and micro size enterprises-well below the revenue of big business that makes it more fragile and may be crushed by the pressure of competition, while SMEs accounted for 60% of Indonesia's GDP, so that SMEs should be able to grade and resolve the problems faced by these efforts. According to the Head of the MSME Department of Bank Indonesia Yunita Official Sari (2016), "the main problems is faced by the Indonesian MSMEs are technological capability, Human Resources (HR), marketing access, capital access and networking which results in not increasing MSME revenue". The development of technology is so rapid today, the use of technology in the buying and selling business services can be called electronic commerce or also called e-commerce that is useful in the distribution, sale, purchase and services. In addition to the problem of technological knowledge in business, business capital is also an obstacle for businesses to develop MSMEs, businesses cannot fulfill requests or orders due to lack of production costs, plus the difficulty of the procedure for filing a bank loan can take weeks or even months and meet all the requirements. Generally, banks require business documents or legal documentation that are not owned by many informal business owners, so that many MSME businesses sell goods / services modestly of course this has a negative impact on revenue. The low level of knowledge about managing business capital and technological development shows that the Human Resources of MSME actors in Indonesia are still low, resulting in a lack of competitiveness.

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## 2. Literature Review, Framework and Hypothesis

### 2.1 Literature Review

#### Revenue Concept

Revenue as the survival of the business. According to Harnanto (2003: 444) if the volume of sales or revenue in a company can be increased, it means that profits within the company will also increase. One of the main objectives of the company is achieving maximum profit or profit levels. Because without an achievement of profit, a company will not be able to continue its business. In addition to achieving maximum profit levels, the survival of the company in the future must also be considered. Profit is the difference between revenue above the costs in a certain period (a period of). Revenue is very influential for the survival of the company, the greater the revenue obtained, the greater the company's ability to finance all expenses and activities to be carried out by the company. In addition, revenue also affects the company's profit and loss presented in the revenue statement, and to remember again, revenue is the life blood of a company. without revenue there is no profit, without profit, there is no company. It is certainly not possible in spite of the influence of revenue from the company's operating results.

#### Micro, small and Medium Enterprises

The act No. 20 of 2008, defines SMEs as follows: (1) The Micro Enterprise is a productive enterprise owned by individuals and / or entities that meet the criteria of individual businesses micro enterprises with annual revenue up to IDR 300 million; for micro businesses with a maximum annual revenue of Rp 300 million; (2) The Small Enterprises are productive economic activities that stand alone, carried out by an individual or entity that is not a subsidiary or not branches of companies owned, controlled, and became part directly or indirectly from medium or large Enterprises with the criteria of revenue per year more than IDR 300 million - IDR 2.5 billion; (3) The medium Enterprises is economically productive activities that stand alone, carried out by individuals or entities that are not subsidiaries or branches of companies owned, controlled, or be a part either directly or indirectly from the small business or large enterprise with total net assets or the annual sales revenue as stipulated by the Law on the criteria of annual revenue of more than IDR 2.5 billion - IDR 50 billion.

#### Revenue

According Suroto (2000) revenue is the entire reception in cash or in the form of goods originating from the other party or industry results are rated on the basis of a sum of money from the then-current assets. Revenue is the source of a person's revenue to meet daily needs - today and extremely important for the survival and people's livelihood directly or indirectly langsung.

#### Business Capital

Definition of Business Capital according to Indonesian Dictionary in Listyawan Nugraha (2011: 9) "venture capital is money that is used as a principal (parent) for trading, releasing money, and so on; property (money,

goods, etc.) that can be used to produce something that adds to wealth ". Capital in this sense can be interpreted as the amount of money used in conducting business activities.

#### E-Commerce

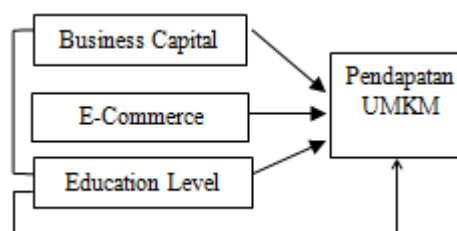
According to Loudon (1998) "E-Commerce is a process carried out by consumers in buying and selling various products electronically from companies to other companies using computers as intermediaries for business transactions carried out

#### Education Level

According to Ihsan (2011) "the level of education is the stage of continuing education, which is determined based on the level of student development, the level of complexity of teaching materials, and how to present teaching materials"

## 3. Framework

The framework of thought must describe the relationship between one or more variables in detail and explain the relationship between the independent variables to the dependent variable. The framework of thought in this study is as follows:



#### Hypothesis

Based on the framework that has been made, in order to answer the problem of this research, the proposed hypothesis is as follows:

- H<sub>A</sub>: The business capital has a significant effect on MSMEs Revenue  
 H<sub>B</sub>: The E-Commerce has a significant effect on MSMEs Revenue  
 H<sub>C</sub>: The level education has a significant effect on MSMEs Revenue

## 4. Research design

This research is in the form of causal research testing the hypothesis about the effect of one or several independent variables (business capital, e-commerce, and education level) on the dependent variable (MSME revenue). The research method used in this study is a quantitative approach that combines qualitative and quantitative data input (mix methods) in the form of questionnaires or questionnaires and conduct interviews directly with respondents who were selected by random sampling and then the data is processed using SPSS version 24.

The population used in this study is a homogeneous population in the Tanah Abang Market block B as of July 2019. The population of members who trade in textile sales is 2196 traders. Determination of the sample in this study

using the Slovin formula so that it can be as many as 100 textile trader respondents.

The method used in this study is to use multiple linear regression models by SPSS version 23.

## 5. Research Results

The results of this study indicate that venture capital, e-commerce have a significant effect on MSME revenue, while the level of education has no effect on revenue. The following is a discussion of each independent variable on MSME revenue.

The results of this study indicate that business capital has a significant effect on MSME revenues. The results of this study are in line with the results of the study conducted by Totok touristbiyanto (2011), which states that bussines capital is one of the important factors affecting MSME revenue. Based on empirical data from questionnaires or questionnaires and interviews with respondents, to get (rent) a strategic place requires greater capital because the funds spent are greater, so the greater the capital used by the developer, the greater the revenue earned.

The effect of e-commerce on MSME revenue. Based on research conducted e-commerce has a significant effect on MSME revenue. The results of this study are in line with research conducted by Walia Nabila Sa'd (2017), that e-commerce has a significant effect on revenue. in that study she revealed that e-commerce was able to increase the level of sales speed, the level of visits, and the revenue earned by traders. This is also supported by the results of the interview of researchers to the management of the business place of Tanah Abang Market Block B. The information from the interviews obtained that the manager of the Tanah Abang Market Block B supports the government program on Industry 4.0, where the intent of Industry 4.0 is to increase business using technology, besides that in the Tanah Abang Market Block B is also provided with kiosks or trading places devoted to traders the use of e-commerce as a medium of buying and selling.

The effect of education level on MSME revenue. The results of this study indicate the level of education has no effect on MSME revenue. The results of this study are in line with research conducted by Totok Turisbiyanto, (2011) in the study stating that education level variables did not significantly influence the profits of So'on entrepreneurs in Klaten Regency. These results identify that the level of education has no effect on the informal sector such as the Tanah Abang Market Market Block B, the informal sector does not require special expertise and there are no office levels such as the formal sector so that the level of education does not affect on revenue significantly. In the informal sector, what is needed is high spirits, good social skills, communication skills, thinking skills, technical skills, creative, open, patient, articulate, able to work together, appreciate assistance, honestly, work orientation for business, independent and confidence.

## 6. Conclusions and Recommendations

### 6.1 Conclusions

Based on test results and discussion that has been done it can be concluded as follows:

- 1) Business capital has a significant influence on MSME revenue, the greater the business capital used in doing business, the greater the revenue obtained.
- 2) E-commerce has a significant influence on the revenue of MSMEs, if MSMEs use e-commerce in marketing products and services, the revenue received will be even greater. This is caused by the cost to market products that can be suppressed and easy for consumers to see the products being traded.
- 3) The education level does not have a significant effect on MSME revenue, so the rise in education level of an entrepreneur does not have an impact on the size of MSME revenue.

### 6.2 Recommendation

Based on the results of the discussion and conclusions above, the authors provide the following suggestions:

- 1) For entrepreneurs in the Tanah Abang Market Block B. The results of this study indicate that business capital, e-commerce, and education level have a significant effect on MSME revenue, thus to increase entrepreneurs' revenue it is better to pay attention to these factors.
- 2) For further researchers: In this study only examined on textile entrepreneurs in Tanah Abang Blok B Market, Central Jakarta. For further researchers, it is expected to expand the location and research respondents, because for different types of respondents and businesses will certainly give different results.

## 7. Pictures and table

**Table 1:** Validity Test Result

Variable	Question	Pearson Correlation/ R hitung	Validity
E-Commerce	Q1	0,886	Valid
	Q2	0,991	Valid
	Q3	0,936	Valid
	Q4	0,914	Valid
	Q5	0,923	Valid
	Q6	0,900	Valid

source: Statistics test results with SPSS 24

**Table 2:** Reability Test Result

Cronbach's Alpha	N of Items
.956	6

source: Statistics test results with SPSS 24

**Table 3:** Revenue of Respondents

Business category	Revenue per year	Total	Percentage (%)
Micro	Small than IDR 300 Million	27	27 persen
Small	More than IDR 300 million to IDR 2.5 billion	66	66 persen
Medium	More than IDR 2.5 billion-IDR 50 billion	7	7 persen

Source: Statistics test results with SPSS 24

**Table 4:** Business Capital Respondents

	Minimum	Maksimum	Average
Business capital	Rp40 Juta	Rp400 Juta	Rp164 juta

Source: questionnaire data filled out by respondents

**Table 4:** E-Commerce According to Respondents

Indicator E-Commerce	Total				
	1	2	3	4	5
e-commerce capabilities increase revenue	3	9	12	44	32
ease of consumers accessing goods sold	0	5	11	49	35
increase transaction speed	0	5	11	55	29
ease of sellers in displaying the goods being sold	0	6	11	48	35
flexibility of receipt of purchase	3	5	11	51	30
the ability to reduce the cost of promotion	2	8	16	45	29

Source: questionnaire data filled out by respondents

**Table 5:** Education Level of Respondents

Category	Total	Percentage (%)
Junior high school	25	25 percent
Senior high school	58	58 percent
Diploma	3	3 percent
Bachelor degree	14	14 percent

Source: questionnaire data filled out by respondents

**Table 6:** The Result Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	10680980.21000000
Most Extreme Differences	Absolute	.075
	Positive	.075
	Negative	-.058
Test Statistic		.075
Asymp. Sig. (2-tailed)		.191 <sup>c</sup>

Source: Statistics test results with SPSS 24

**Table 7:** The Result of Multicollinearity Test

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Business capital	.872	1.146
	E-Commerce	.937	1.068
	education level	.929	1.076

a. Dependent Variable: Revenue

Source: Statistics test results with SPSS 24

**Table 9:** Determination Coefficient Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795 <sup>a</sup>	.632	.620	69683098.750

a. Predictors: (Constant), education\_level, E\_Commerce, bussines\_capital

Source: Statistics test results with SPSS 24

**Table 10:** The Result of t Test

	Model	t	Sig.
1	(Constant)	0.328	0.744
	bussines_capital	6.824	0
	E_Commerce	3.869	0
	education_level	1.94	0.055

Source: Statistics test results with SPSS 24

**Table 8:** The Result of Heteroscedacity Test Coefficients<sup>a</sup>

	Model	t	Sig.
1	(Constant)	2.621	0.01
	bussines capital	1.182	0.24
	E-Commerce	1.474	0.144
	education level	1.261	0.21

Source: Statistics test results with SPSS 24

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