

THE EFFECT OF CREDIT AND CAPITAL ON INCOME OF MEMBERS OF DUMI
DIGITAL TECHNOLOGY SAVE AND LOAN COOPERATIVES IN BANDUNG CITY

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Abstract: *This research was conducted on members of the Dumi Digital Technology Savings and Loan Cooperative in Bandung. The purpose of this study was to determine how big the contribution of the influence of credit and capital to income either partially or simultaneously on the members of the Dumi Digital Technology Savings and Loans Cooperative in Bandung City. The research method that will be used in this research is descriptive and associative methods. In this study, the unit of analysis is the individual, namely the member of the Dumi Digital Technology Savings and Loan Cooperative in Bandung City. The sample in this study were 134 respondents. Sampling using Simple Random Sampling is a sampling technique used in this study. The method of analysis used multiple linear regression analysis, in addition to testing the validity and reliability of the research instrument. Based on the results of the study, it shows that there is an effect either partially or simultaneously on exogenous variables (credit and capital) on endogenous variables (income). The implication of this research is that the Dumi Digital Technology Savings and Loan Cooperative in Bandung City can perform a more optimal analysis of the assessment of prospective debtors, evaluate the requirements given to prospective debtors so that these requirements do not become an obstacle factor for members in receiving additional capital.*

Keywords: *Lending, Capital, Income*

1. Introduction

Economic growth brought about by economic development can improve people's welfare in a balanced way. Fair distribution of development results will be achieved through trade policies that encourage and assist small entrepreneurs in the trade sector. A prosperous society is the ideal of the state, and the economic potential of a region must be utilized to realize the welfare of a just society. With the development of economic activities and the improvement of people's welfare as well as the realization of the national goal, namely by creating a just and prosperous society, it is necessary to pay attention to the growth of economic sectors.

Giving credit is considered to increase income and job opportunities. One of the problems faced by small entrepreneurs or small traders in developing their business is the small amount of business capital they have, to fulfill the capital needed to strengthen the capital structure and develop the business, small traders get credit receipts from financial institutions so that they can increase their income (Kasmir, 2010). 2019) and the low ability to access financial institutions, both bank financial institutions and non-bank financial institutions (cooperatives).

Income is one of the most important factors to measure the success of small entrepreneurs. The greater the income obtained, the greater the profit obtained. Insufficient funds lead to low returns, and insufficient funds make it difficult for small traders to thrive. Absorbing funds in the form of credit is certainly good and bad for small entrepreneurs. In addition to loan interest or fees paid by customers to cooperatives or other microfinance institutions, it is possible for entrepreneurs to be entangled in loan debt, so that sometimes the inability to repay capital loans can have an impact on closing company. The provision of credit and high capital will be able to increase the income of small businesses, because the high level of existing credit will be able to increase the working capital of a business so that it affects its business income also states that credit can positively increase income, because lending can increase business capital (Wayan, Ana, 2014:7).

In addition to providing credit, managing business funds is the main activity of the business finance department, business founders are responsible for planning how the source of funds is obtained, whether from their own capital or from financing the funds obtained. Capital is a factor of production for humans to issue other assets. The importance of capital is needed for business progress. In an effort to control the amount of capital, both own capital and borrowed capital, which is processed properly, it will ensure the continuity of the operation of the business efficiently and economically (Purnamayanti, 2014).

Referring to the functional concept, capital is the amount of funds used during the accounting period which is intended to generate short-term income (current income) in accordance with the main purpose of the company being founded. The role of capital in the activities of small traders is thought to greatly determine the progress of a business. Especially in the economic sector, business capital is used to pay for daily needs, such as paying employee wages, purchasing raw materials and others. If the capital in a business is not fulfilled, the business activities will also experience obstacles. One of the factors that need to be considered to increase the optimum income of a business is the availability of sufficient wealth or capital in the right combination. With sufficient capital, traders can operate their business activities optimally and can increase their income (Sutrisno, 2012: 40).

2. Literature review

Credit Granting (X1)

Giving a credit is looking for profit, the results of the profits obtained in the form of interest received by the bank as remuneration and credit administration fees are charged to the customer (Kasmir 2011:15).

Dimensions of lending include: (Kasmir, 2014:94)

- 1) Ability (Capacity)
- 2) Character (Character)
- 3) Capital (Capital)
- 4) Guarantee (Collateral)
- 5) Economic conditions (Condition of economy)

Capital (X₂)

Business capital is money that is used as the principal (parent) for trading, releasing money, and so on; property (money, goods and so on) that can be used to produce something that increases wealth (Nugraha, 2011:9).

The dimensions of capital include: (Nugraha, 2011:9), (Widjajanti, 2011:17)

- 1) Capital structure: own capital and loan capital
- 2) Utilization of additional capital
- 3) Barriers to accessing external capital
- 4) The state of the business after adding capital
- 5) Physical capital

Income (Y)

Income is the inflow of assets (assets) arising from the delivery of goods and services carried out by a business unit during a certain period Baridwan (2011:10).

Income dimensions include: Baridwan (2011:10), (Satiti, 2014)

- 1) Elements of income
- 2) Sources of income
- 3) Cost
- 4) Income received per month
- 5) Work

3. Research methods

Types of research

This research is descriptive and associative research with quantitative analysis method. The method used in data collection is primary data which is data obtained from main sources, either individuals or individuals such as the results of interviews or the results of filling out the questionnaire Sugiyono (2017:137).

Unit of Analysis

The unit of analysis is the unit used to describe or describe the characteristics of a larger collection of objects (S.Soedibjo, 2013:6). The unit of analysis of this research is the individual, namely the member of the Dumi Digital Technology Savings and Loan Cooperative in Bandung City.

Population

The population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions Sugiyono (2017:119). The population of this research is 202 debtors who are members of KSP Dumi Digital Teknologi for the period 2020-2021.

Sample

The sample is part of the number and characteristics possessed by the population, Sugiyono (2017: 120). Sampling in this study using Simple Random Sampling. Based on the population in this study, the population was 202 debtors, so the number of samples or respondents in this study was 134.

Data source

In this study, the data collection method used primary data and secondary data.

1. Primary Data

Primary data is a data source that directly provides data to data collectors (Sugiyono, 2017:137). In this study the primary data source is a questionnaire. Questionnaire (questionnaire) is a data collection technique that is carried out by giving a set of questions or written statements to respondents to answer (Sugiyono, 2017:142).

2. Secondary Data

Secondary data is a source that does not directly provide data to data collectors (Sugiyono, 2017:137). In this study, the secondary data sources were articles, journals, and websites on the internet related to the research conducted.

4. Results and Discussion

Research result

a) Frequency Distribution and Weighting

Lending Variables

Based on the frequency distribution table above, it can be concluded that the income variable consists of 5 statements with the details of the frequency as follows, the average value is 523 with good categories. Furthermore, the order of the actual weight values of the answers for each statement is sorted by the lowest weight and from the results above there is the lowest score, namely the statement "Revenue from sales is in accordance with what is expected" with a weight value of 525. There is a statement with the highest value is the respondent's perception of the statement " The main income that I get is the result of working" with a weighted value of 553.

Modal Variable (X2)

Based on the frequency distribution table above, it can be concluded that the modal variable consists of 5 statements with the details of the frequency as follows, the average value is 533 with good categories. Furthermore, the order of the actual weight values of the answers for each statement is sorted by the lowest weight and from the results above there is the lowest score, namely the statement "The requirements proposed by the lender are obstacles to obtaining additional capital." with a weighted value of 525. There is a statement with the highest value is the respondent's perception of the statement "After getting additional capital, the business becomes more developed and affects the income earned" with a weighted value of 538.

Income Variable (Y)

Based on the frequency distribution table above, it can be concluded that the income variable consists of 5 statements with the details of the frequency as follows, the average value is 523 with good categories. Furthermore, the order of the actual weight values of the answers for each statement is sorted by the lowest weight and from the results above there is the lowest score, namely the statement "Revenue from sales is in accordance with what is expected" with a weight value of 525. There is a statement with the highest value is the respondent's perception of

the statement " The main income that I get is the result of working" with a weighted value of 553.

b) Validity and Reliability Test

Validity test

Based on the table above, it can be explained that the r-count values are all above r-critical, which is above 0.3. This indicates that the statement items on all variables are included in the valid category.

Reliability Test

Based on the table above, the Cronbach's alpha value for the two variables is above 0.70, this means that it is in the decent reliability category. And one variable obtained Cronbach's alpha value above 0.80, this means that it is in the good reliability category.

c) Classical Assumption Test

Normality test

Based on the normality test that can be seen in the figure above, on the normal plot it can be concluded that the data distribution is close to normal because there are no significant deviations from the normal line curve. The regression model is said to meet the assumption of normality if the data spreads around the diagonal line and follows the direction of the diagonal line. So it can be said that all variables in this study have a normal distribution of data.

Multicollinearity Test

Based on the table above, it is known that the tolerance value has a value of 0.248 and VIF has a value of 4.025. A good regression model is where the tolerance value is greater than 0.01 and the VIF value is less than 10, or in other words, there is no multicollinearity in this test.

Heteroscedasticity Test

Based on the heteroscedasticity test which can be seen in the image below in the scatterplot diagram section, it appears that there is no clear and regular pattern and the points spread above and below the number 0 on the (Y) axis. So it can be concluded that there is no heteroscedasticity in the regression model, so the regression model is feasible.

Autocorrelation Test

Based on the table above with SPSS calculations, the Durbin Watson value is 1.857. While the value of d_u can be seen in the table with the amount of data $(n) = 134$ and the number of independent variables $(k) = 2$, the value of $d_u = 1.7482$, the value of $4 - d_u = 2.2518$. Because the value of Durbin Watson is between d_u and $4 - d_u$, namely $1.7482 < 1.857 < 2.2518$, it is proven that there is no autocorrelation.

d) Multiple Linear Regression Analysis

Based on the results of the analysis from Table 10 above, it can be determined the multiple regression equation as follows:

$$Y = 3.001 + 0.592 X_1 + 0.250 X_2$$

- 1) A constant of 3,001 indicates that without the influence of credit and capital, income will increase by 3,001 units.
- 2) Loans (X_1) has a positive regression coefficient of 0.592 which states that the more loans disbursed, the higher the income of members of KSP Dumir Digital Teknologi. If the variable of lending increases by one unit, the income of members will increase by 0.592 with the assumption that the other independent variables are constant.

3) Capital (X₂) has a positive regression coefficient of 0.250 stating that the more capital received, the higher the income of members of KSP Dumidigital Teknologi. If the capital variable increases by one unit, the member's income will increase by 0.250 assuming the other independent variables are constant.

e) Coefficient of Determination (R²)

Results The value of R² (R-Square) is used to measure how big the proportion of variation of the independent variables together affects the dependent variable. Based on the results of processing, the value of the coefficient of determination (R square) is 0.705 or 70.5%, this shows the large proportion of the contribution of credit (X₁) and capital (Y) variables of 70.5% to the income (Y) of members of KSP Dumidigital Teknologi in Bandung City, while the remaining 29.5% is explained by other factors not examined in this study.

f) Hypothesis Test

Simultaneous Test

Based on the results of the calculations shown in Table 4.35, the F_{count} is 156,505 while the F_{table} value at the 5% real level (α) with degrees of freedom V₁ = k; V₂ = n-k-1 = 134-2-1 = 131 is 3.07. The F value above is then compared with F_{0.5}, (134-3), from the F distribution table where a value of 3.07 is obtained. Then F_{count} > F_{table} which is 156.505 > 3.07.

Partial Test

According to the results in table 13 above, it can be seen that the effect of lending and capital on income is of a significant level (probability). If the significant level is greater than 0.05 then the hypothesis is not significant. Conversely, if the significant level is less than 0.05 then the hypothesis is significant. Based on the table above, the authors make the decision that:

1) The effect of lending on income

The table above shows that the lending variable has a significant effect on income because it is obtained T_{count} (6,357) > T_{table} (1,978) and the significance level is less than 0.05, which is 0.000. This means that the provision of credit has a positive and significant effect on income. For this reason, the authors conclude in this study that the provision of credit has a positive and significant influence in increasing the income of members of KSP Dumidigital Teknologi in Bandung. It means that H₁ is accepted.

2) Effect of capital on income

The table above shows that the capital variable has a significant effect on income because it is obtained T_{count} (2.718) > T_{table} (1.978) and the significance level is less than 0.05, namely 0.007. This means that capital has a positive and significant effect on income. For this reason, the authors conclude in this study that capital has a positive and significant influence in increasing the income of members of KSP Dumidigital Teknologi in Bandung. That means H₂ is accepted.

Discussion

a) How to provide credit to members of KSP Dumidigital Teknologi in the city of Bandung

Based on the results of the descriptive test, it can be concluded that the lending variable consists of 5 statements with an average weighted value of 534.8 the value is included in the good category because it is in the 456-562 interval. Furthermore, the order of the actual weight values of the answers for each statement is sorted by the lowest weight and from the results above there is the lowest score, namely the statement "The character, behavior pattern and

lifestyle of prospective debtors are an assessment of the feasibility of providing financing" with a weight value of 524. There is a statement with the highest score is the respondent's perception of the statement "Ownership of collateral and authenticity of documents is an agreement in providing financing to prospective debtors" with a weighted value of 542.

Based on the results of research and data processing, it is known that the lending variables are generally in the good category towards better, but there are still weak aspects, namely in terms of character assessment analysis, behavior patterns and lifestyles of prospective debtors are still less than optimal.

b) How is the capital for members of KSP Dumidigital Technology in Bandung City

Based on the results of the descriptive test, it can be concluded that the modal variable consists of 5 statements with an average weighted value of 533. These values are included in the good category because they are in the 456-562 interval. Furthermore, the order of the actual weight values of the answers for each statement is sorted by the lowest weight and from the results above there is the lowest score, namely the statement "The requirements proposed by the lender are obstacles to obtaining additional capital." with a weighted value of 525. There is a statement with the highest value is the respondent's perception of the statement "After getting additional capital, the business becomes more developed and affects the income earned" with a weighted value of 538.

Based on the results of research and data processing, it is known that the capital variable is generally in the good category towards better, but there are still weak aspects, namely the requirements that become obstacles to obtaining additional capital.

c) How is the Income of Dumidigital Technology KSP Members in the City of Bandung

Based on the results of descriptive testing, it can be concluded that the income variable consists of 5 statements with an average weighted value of 533. These values are included in the good category because they are in the 456-562 interval. Furthermore, the order of the actual weight values of the answers for each statement is sorted by the lowest weight and from the results above there is the lowest score, namely the statement "Revenue from sales is not as expected" with a weight value of 525. There is a statement with the highest value is the respondent's perception of the statement "The main income I get is the result of working" with a weighted value of 553.

Based on the results of research and data processing, it is known that the income variable is generally in the good category towards better, but there are still weak aspects, namely income from sales that are not as expected.

d) The Effect of Credit Provisions on the Income of Dumidigital Technology KSP Members in the City of Bandung.

Based on the results of multiple linear regression analysis, the effect of lending (X1) on income is 0.592 or 59.2%, and the results of partial testing (t test) for lending (X1) significance at the 0.000 level. In accordance with the criteria if the significance value is <0.05 , the hypothesis proposed is $H_A: 1 \ 0$, credit has a significant effect on income. This is in accordance with the results of the Ttable and Tcount test, the magnitude of Tcount is 6357 compared to Ttable 1,978, then $Tcount > Ttable$, then H_1 is accepted and H_0 is rejected. That is, partial credit has a significant effect on the income of members of KSP Dumidigital Technology in Bandung. Based on the theory which says that the provision of microcredit is a program of small amounts of credit to small businesses to finance productive activities that they do themselves in order to

generate income (Wayan, Ana, 2014: 7). The provision of credit and high capital will be able to increase the income of small businesses, because the high level of existing credit will be able to increase the working capital of a business so that it affects its business income also states that credit can positively increase income, because lending can increase business capital (Wayan, Ana, 2014:7).

The results of this study are in line with previous research conducted by (Nelfa Nasra, Zuraidah, Fani Sartika., 2019) regarding the Effect of Credit and Capital on Small Traders' Income. The results of the research analysis that has been carried out are that the provision of credit has a significant effect on the income of small traders at the Karya Indonesia Cooperative with a beta value of 0.500 at a significant level of 0.000 or <0.05 . Thus, it can be concluded that the H_{a2} hypothesis can be accepted and H_{o2} is rejected. That is, the provision of credit partially affects the income of small traders on the customers of the Karya Indonesia Cooperative in Banda Aceh.

e) Effect of Capital on Income of KSP Dumi Digital Technology Members in Bandung City.

Based on the results of multiple linear regression analysis, the effect of capital (X_2) on income is 0.250 or 25% and the results of the partial test (t test) of capital (X_2) have a significance level of 0.007. In accordance with the criteria if the significance value is <0.05 , the hypothesis proposed is $H_A: 1 \neq 0$, capital has a significant effect on income. This is in accordance with the results of the Ttable and Tcount test, the magnitude of Tcount is 2.718 compared to Ttable 1.978, then $Tcount > Ttable$, it can be concluded that H_2 is accepted and H_0 is rejected. This means that capital partially has a significant effect on the income of members of KSP Dumi Digital Technology in Bandung.

Based on the theory which says that capital is the amount of funds used during the accounting period which is intended to generate short-term income (current income) in accordance with the main purpose of the company being established. The role of capital in the activities of small traders is thought to greatly determine the progress of a business. Especially in the economic sector, business capital is used to pay for daily needs, such as paying employee wages, purchasing raw materials and others. If the capital in a business is not fulfilled, the business activities will also experience obstacles. One of the factors that need to be considered to increase the optimum income of a business is the availability of sufficient wealth or capital in the right combination. With sufficient capital, traders can operate their business activities optimally and can increase their income (Sutrisno, 2012: 40).

The results of this study are in line with previous research conducted by (Nelfa Nasra, Zuraidah, Fani Sartika, 2019) regarding the Effect of Credit and Capital Provision on Small Traders' Income. The results of the research analysis that has been carried out are that capital has a significant effect on the income of small traders at the Karya Indonesia Cooperative with a beta value of 0.0053 at a significant level of 0.000 or <0.05 . Thus, it can be concluded that the H_{a3} hypothesis can be accepted and H_{o3} is rejected. This means that capital partially affects the income of small traders on the customers of the Karya Indonesia Cooperative in Banda Aceh.

f) The Effect of Credit and Capital on Income of KSP Dumi Digital Technology Members in Bandung City.

Based on the results of testing the coefficient of determination (R square) the effect of lending (X_1) and capital (X_2) on income of 0.705 or 70.5% and the results of simultaneous

testing (F test) obtained Fcount value of 156.505 > Ftable 3.07. The significance value is $0.000 < 0.05$. This shows that simultaneously all the independent variables in this study consisting of Credit and Capital have an effect on the income of members of KSP Dumi Digital Technology in the city of Bandung.

Based on the theory that the existence of credit and high capital will be able to increase business income, because the high level of existing credit will be able to increase the working capital of a business so that it affects its business income (Mulyono, 1987) and (Simorangkir, 2005).

The results of this study are in line with the research that has been conducted by (Nelfa Nasra, Zuraidah, Fani Sartika, 2019) regarding the Effect of Credit and Capital Provision on Small Traders' Income. The results of the research analysis that has been carried out are that the provision of credit and capital has a significant effect on the income of small traders at the Karya Indonesia Cooperative, with a beta value of 0.500 (X1) and 0.053 (X2) at a significant level of 0.000 (X1) and 0.000 (X2) or $< 0,05$. Thus it can be concluded that the H_{a1} hypothesis can be accepted and H_{o1} rejects. This means that the provision of credit and capital simultaneously affects the income of small traders to the customers of the Karya Indonesia Cooperative in Banda Aceh.

5. Conclusion

- 1) The provision of credit is in the good category, but there are still weak aspects, namely in terms of character assessment analysis, behavior patterns and lifestyles of prospective debtors are still not optimal.
- 2) Capital is in the good category, but there are still weak aspects, namely the requirements that are obstacles to obtaining additional capital.
- 3) Revenue is in the good category, but there are still weak aspects, namely income from sales that are not as expected.
- 4) Credit provision has a positive and significant impact on the income of members of KSP Dumi Digital Technology in Bandung. This means that the provision of credit can help increase income.
- 5) Capital has a positive and significant effect on the income of members of KSP Dumi Digital Technology in Bandung. This means that the size of the capital owned can help finance additional capital to generate more income for members.
- 6) Credit and Capital have a positive and significant impact on the income of members of KSP Dumi Digital Technology in Bandung. This can be interpreted that with the provision of credit and capital provided it can affect the amount of income obtained.

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