International Journal of Economic, Business, Accounting, Agriculture Management and Sharia Administration (IJEBAS)

International Journal of Economic, Business, Accounting, Agriculture Management and Sharia Administration (IJEBAS Journal) | ISSN (e): 2808-4713
Volumes 5 No. 3 (2025)

THE EFFECT OF BUSINESS CAPITAL ON FARMERS' INCOME IN SUKATEPU VILLAGE, NAMAN TERAN DISTRICT, KARO REGENCY

Nenni Lestari Br Surbakti[1], Rizka Hilda Siregar[2], Cindy Indah Sari Br Silaban [3], Tasia Tabita Br Sitepu [4]
[1234)] Universitas Quality Berastagi / Jurusan Akuntansi, Berastagi
Corresponding Email: nennilestari864@gmail.com, Rizkahpssiregar@gmail.com , cindysilaban403@gmail.com, tasyasitepu@gmail.com

Received : 21 April 2025	Published : 30 June 2025
Revised : 29 April 2025	DOI : https://doi.org/10.54443/ijebas.v5i3.3461
Accepted : 15 May 2025	Publish Link : https://radjapublika.com/index.php/IJEBAS

Abstract

This study aims to analyze the effect of business capital on farmers' income in Sukatepu Village, Naman Teran District, Karo Regency. Business capital is one of the main keys in running and developing a business. Sufficient capital allows business actors to buy raw materials and carry out effective marketing. Fruit and Vegetable Farmers, Adequate capital also affects the ability to maintain product quality. For example, the use of good storage technology can reduce losses due to decay and increase product competitiveness in the market. Income is the amount of results obtained by each entrepreneur from activities carried out in a certain period of time, such as daily, weekly, monthly, or annually. In general, income includes the total income of individuals or households in that period of time. Based on these two definitions, it can be concluded that income is income received by the community that reflects their performance during a certain period. This income can be in the form of money or non-money, and can be calculated daily, monthly, or annually. This study uses SPSS data processing. Determination of the sample using Purposive Sampling of all farmers in Sukatepu village with the number of selected samples being 97 Farmers. The results of the study found that Business Capital had a significant effect on Farmer income. Thus, with high business capital, it will increase Farmer income.

Keywords:*Business capital and income*

INTRODUCTION

Agriculture in Indonesia plays a major role in the economy. Although the contribution of the agricultural sector to the national gross domestic product (GDP) tends to decline, this sector still provides income for most Indonesian households. In 2022, the agricultural sector (together with forestry and fisheries) contributed 12.4% of the national GDP, which is approximately equivalent to 2.43 trillion rupiah. This percentage has decreased compared to 2013 data, which was 14.43% and 2003 with 15.19%. In 2018, 31.2% of Indonesia's land was used as agricultural land. In 2023, the number of farming households in Indonesia was 27,368,975 households and the majority of Indonesian farming households worked in the food crop subsector, which was 15,550,786 households. Generally, the agricultural sector in Indonesia is divided into two types based on the scale per 1 meter, namely large plantations, both state-owned and private companies and smallholder production, the majority of which are households that carry out traditional farming. Based on the data above, it can be seen that agricultural business actors are very important to maintain, starting from small farmers in maintaining the household economy. Small farmers who carry out traditional farming are their main job in meeting household economic needs. Small capital and trying to farm young plants is their way to survive. There are also small farmers who fulfill the household economy as wage farmers who work on other people's land and some use rented land as a place for them to grow crops. This condition should be in line with farmers' understanding of good financial management in order to maintain their household economy amidst the uncertainty of harvest results due to weather factors and pests or plant diseases and plant prices in the market which often fluctuate. To improve the understanding of small farmers in managing Business Capital, a literacy approach is needed on good and effective financial management. Good Business Capital Management is very important because agricultural businesses face many special challenges. First, agriculture often requires large initial capital financing to buy seeds, buy fertilizers and buy equipment. In addition, the harvest cannot always be predicted with certainty because it is influenced by weather factors and plant diseases. Even if the harvest is good, the influence of the selling price of crops on the market which often fluctuates also has a significant impact on farmers' income, because the selling price of agricultural products is not satisfactory.

LITERATURE REVIEW

Business capital is money used as the principal (parent) for trading, releasing money and so on; assets (money, goods and so on) that can be used to produce something to increase wealth. In accounting, capital is the value of assets remaining after deducting all liabilities, which reflects the ownership rights of an entity (Kasmir., 2013) Capital is very important for running and developing a business (Salinding & Dewi, 2022), and lack of capital can have a direct impact on income (Herawaty, 2019). Additional capital, especially that supported by the government, can increase business competitiveness and efficiency (Putri & Jember, 2019). The following are types of capital according to (Kasmi, 2009): a. Based on form, capital can be divided into concrete capital and abstract capital. Concrete capital includes machinery, buildings, vehicles and equipment while abstract capital includes brand rights and the company's good name b. Based on ownership, capital can be divided into individual capital and community capital. Individual capital, for example, a private house that is rented, while community capital, for example, a public hospital owned by the company. Roads, and bridges. c. Based on nature, capital can be divided into fixed capital and current capital. Fixed capital such as buildings and machines, while current capital such as raw materials. Income is the amount of results obtained by each entrepreneur from activities carried out in a certain period of time, such as daily, weekly, monthly, or annually. In general, income includes the total receipts of individuals or households in that period of time. Based on these two definitions, it can be concluded that income is income received by the community that reflects their performance during a certain period. This income can be in the form of money or non-money, and can be calculated daily, monthly, or annually (Purba, 2021).

METHOD

This study uses quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to research certain populations or samples. Sampling techniques are generally carried out randomly, data collection using research instruments, data analysis is quantitative / statistical in nature with the aim of testing the established hypothesis. Quantitative methods are also often called traditional, positivistic, scientific / scientific methods and discovery methods. The final sample used in this study was 97 respondents. The answers from respondents in this study were measured by measuring all the indicators above using the Likert scale technique which is an ordinal scale between 1 and 5. The data model in this study was processed using SPSS. The data analysis used is in the form of a questionnaire to use the data. The analysis used is successful or not which is done using a formula.

RESULTS AND DISCUSSION

Response Rate

Based on the research results, a frequency distribution table of respondents' gender was obtained, which is described as follows:

Gender	Number of people)	Percentage (%)
Woman	60	61.9
Man	37	38.1
Total	97	100

Descriptive Statistical Analysis of Variables

Descriptive Statistical Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Venture capital	97	18	40	30.15	4.833
Farmer's Income	97	18	39	30.40	5.125
Valid N (listwise)	97				

Source:**Data was processed using the SPSS,2025 application.**

Based on the table above, it can be seen that:

1. The business capital variable has a minimum value of 18, a maximum value of 40. The average value for the business capital variable is 30.15, meaning that the number of respondents' scores is greater than 30.15, then they are included in the respondents who understand that there is high business capital, and vice versa. The standard deviation value of the business capital variable is 4.833
2. The farmer income variable has a minimum value of 18, a maximum value of 39. The average value for the farmer income variable is 30.40, so including respondents who understand that there is high Farmer income, and vice versa. The standard deviation value of the Farmer income variable is 5.125

Data Analysis Techniques

Validity test

Validity Test Results

Variables	Statement	R_{count}	R_{table}	Information
Business Capital (X1)	Statement 1	0.810	0.197	Valid
	Statement 2	0.538	0.197	Valid
	Statement 3	0.846	0.197	Valid
	Statement 4	0.873	0.197	Valid
	Statement 5	0.823	0.197	Valid
	Statement 6	0.603	0.197	Valid
	Statement 7	0.875	0.197	Valid
	Statement 8	0.883	0.197	Valid
Farmer's Income (Y)	Statement 1	0.780	0.197	Valid
	Statement 2	0.816	0.197	Valid
	Statement 3	0.838	0.197	Valid
	Statement 4	0.896	0.197	Valid
	Statement 5	0.905	0.197	Valid
	Statement 6	0.874	0.197	Valid
	Statement 7	0.826	0.197	Valid
	Statement 8	0.756	0.197	Valid

Source: Data processed using SPSS application, 2025

Based on the validity test result table, it shows that the calculated r value of each variable of business capital and farmer income is greater than the r table value. Thus, the questionnaire used by the variable is declared valid to be used as a measuring tool for the variable.

Reliability Test

Reliability Test Results

Variables	***Cronbach's Alpha***	Information
Venture capital	0.907 > 0.60	reliable
Farmer's Income	0.938 > 0.60	reliable

Source: Processed research data (2025)

Based on the Cronbach alpha value table, all variables are greater than 0.60, so it can be concluded that the questionnaire used for the business capital and farmer income variables is all stated to be reliable or can be trusted as a measuring tool for the variables.

Classical Assumption Test
Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		97
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	1.83030213
Most Extreme Differences	Absolute	.075
	Positive	.075
	Negative	-.055
Test Statistics		.075
Asymp. Sig. (2-tailed)		.200c,d

Source: Processed research data (2025)

Based on the results of data processing in the table, the significance value obtained is 0.200 and greater than 0.05. So it can be concluded that the data tested is normally distributed.

Hypothesis Testing
t-test

t-Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.453	1,513		-2.943	.004
	Venture capital	.418	.070	.394	6.010	.000

Dependent Variable: Farmer Income

Based on the table showing the value of the t-test, it shows that:

The calculated t value of business capital is 6.010 and the t table value is 1.661 so that the calculated t > t table (6.010 > 1.661) and the significant value is 0.000 < 0.05 so that it can be concluded that business capital has a significant effect on the income of farmers in Sukatepu Village, Naman Teran District, Karo Regency.

The Influence of Business Capital on Farmers' Income in Sukatepu Village, Naman Teran District, Karo Regency

Descriptive statistical analysis of the variables shows that the business capital variable has a minimum value of 18, a maximum value of 40. The average value for the business capital variable is 30.15, meaning that the number of respondents' scores is greater than 30.15, then it is included in the respondents who understand that there is high business capital, and vice versa. The standard deviation value of the business capital variable is 4,833. The results of the reliability test obtained the value of the business capital variable (X1) of 0.907 and greater than 0.60 so that the data is reliable and can be applied. The value of the linear regression coefficient of the business capital variable is 0.418, this shows that if the business capital (X1) increases by 1 unit, the Farmer's income variable (Y) increases by 0.418

Based on the results of the research hypothesis test, it was obtained that the business capital variable (X1) has a positive and significant influence on Farmer's income in Sukatepu Village, Naman Teran District, Karo Regency. Through the t-test (partial) it can be seen that the t-count value is 6.010 while the t-table value is 1.661 t-count> t-table (6.010> 1.661) with a significance level of 0.000 or less than α = 0.05. So it can be concluded that there is a significant influence of business capital on Farmer's income in Sukatepu Village, Naman Teran District, Karo Regency.

CONCLUSION

Based on the results of the research conducted, the conclusions that can be put forward in this study are as follows: Business capital has a significant influence on the income of farmers in Sukatepu Village, Naman Teran District, Karo Regency, where the value of the calculated t value of business capital is 6.010 and the t table value is 1.661 so that t count> t table (6.010> 1.661) and the significant value is 0.000 <0.05.

REFERENCES

Chairuman, Y. W., Mahmud, M., & Sarpan, S. (2023). Pengaruh Modal Usaha, Kualitas Produk Dan Lokasi Usaha Terhadap Keberhasilan Usaha Pada Umkm Dimsum Di Kecamatan Pondok Gede Kota Bekasi. *IKRAITH-EKONOMIKA*, *6*(2), 414-423

Herawaty, N. (2019). *Pengaruh Permodalan terhadap Pendapatan Usaha Mikro dan Kecil*. Jurnal Ekonomi dan Bisnis, 13(1), 55–63.

Kasmir. (2009). *Manajemen Perbankan*. Jakarta: RajaGrafindo Persada.

Kasmir, (2013) Manajeman Keuangan Jakarta: Raja Grafindo

Kumparan.com. Pengelolaan Keuangan: Pengertian, Fungsi dan Tujuannya, 5 Februari 2024. https://kumparan.com/berita-terkini/pengelolaan-keuangan-pengertian-fungsi-dan- tujuannya-226eiDGXHS7, [diakses pada 24 Oktober 2024].

Purba, R. (2021). *Manajemen Keuangan untuk Usaha Mikro Kecil dan Menengah (UMKM)*. Jakarta: Mitra Wacana Media.

Putri, R. A., & Jember, E. A. (2019). *Pengaruh Tambahan Modal Usaha terhadap Peningkatan Kinerja UMKM*. Jurnal Ekonomi dan Kewirausahaan, 7(2), 88–95.

Salinding, R., & Dewi, N. (2022). *Analisis Permasalahan Modal dalam Pengembangan UMKM*. Jurnal Ilmu Manajemen dan Kewirausahaan, 4(2), 120–129.

Statista.com. Indonesia: Share of Economic Sectors InThe Gross Domestic Product (GDP) From 2012 to 2022. https://www.statista.com/statistics/319236/share-of- economic-sectors-in-the-gdp-in-indonesia/, [diakses pada 8 Nopember 2024].

Sugiyono. (2014). Metode Penelitian Kuantitatif Kualitatif dan R&D Cet. 20; Bandung: Alfabeta.

Sensus Pertanian 2023 - Badan Pusat Statistik. https://sensus.bps.go.id/main/index/st2023.

Tabrani, T. (2023). Perbedaan Antara Penelitian Kualitatif (Naturalistik) Dan Penelitian Kuantitatif (Ilmiah) Dalam Barbagai Aspek. *Jurnal Pendidikan dan Konseling (JPDK)*, *5*(2), 318-327.

Wiratna Sujarweni. (2014). Metodologi Penelitian. Yogyakarta: Pustaka Baru.