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THE EFFECT OF PERAMBA BULAN COOPERATIVE LOAN FUNDS ON THE INCREASE IN MICRO BUSINESS INCOME IN THE BABADAN VILLAGE AREA

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ABSTRACT

The purpose of this study is to evaluate how the provision of loan funds by the Peramba Bulan Cooperative has an impact on increasing the income of micro business actors in the Babadan Village area. Cooperatives are expected to be an effective financial solution because micro businesses often face capital problems when building their businesses. This research was carried out quantitatively using an associative approach. The data was collected through a questionnaire distributed to a number of micro business actors in Babadan Village who are active debtors of the Peramba Bulan Cooperative. To test the research hypothesis, simple linear regression analysis, classical assumption test, and instrument test are used. The results of the analysis showed that the loan funds of the Peramba Bulan Cooperative had a positive and significant impact on increasing the income of micro businesses in the area. Businesses with additional capital can increase sales volume and production scale. This study found that targeted access to microfinance plays an important role in improving the domestic economy at the rural level. This journal suggests that cooperatives and business actors work better together with the help of financial management so that capital utilization can be optimized.

INTRODUCTION

The micro business sector plays a very important role in regulating the Indonesian economy. Micro enterprises are the pillars of the people's economy and make a major contribution to GDP. They also serve as a social safety net as they provide a large-scale workforce at the local level. Although micro-enterprises have tremendous potential, their growth dynamics are often constrained by traditional challenges, such as limited working capital and the inability to reach formal financial institutions, such as banking. Microbusinesses in rural areas face difficulties in meeting stringent collateral requirements and complicated bureaucratic procedures, which hinder the growth of their businesses.

Community-based non-bank financial institutions, especially cooperatives, are emerging as a strategic solution to address the financing gap. Savings and loan cooperatives that prioritize family principles and have more flexible and adaptive capital distribution characteristics make them more accessible to the lower middle class. By providing loan funds, cooperatives are expected to not only provide short-term liquidity assistance, but also increase production, expand market coverage, and ultimately increase the real income of businesses.

This phenomenon is especially seen in Babadan Village, where micro-businesses, ranging from small trades to household industries, dominate the community's economy. The Peramba Bulan Cooperative has developed into one of the local financial instruments used by micro business actors in the area to meet their capital needs. Theoretically, the active role of the Peramba Bulan Cooperative in providing microcredit facilities should correlate with the business growth and welfare of its members in the area.

However, measurable evidence is still needed on how effective the distribution of these loan funds is on the financial performance of micro business actors. Some of the problems that often arise in the industry include the risk of utilizing loan funds for consumptive needs rather than productive purposes, interest rates that must be adjusted to paying capacity, and the ability of business actors to manage capital themselves. The fundamental question of how much cooperative financing helps the economic stability of Babadan Village arises due to fluctuations in micro business income.

In several previous studies, the relationship between cooperative credit and the performance of small and medium enterprises (MSMEs) has been thoroughly studied. However, the results are quite mixed. Different studies show that capital loans without management assistance do not change the income of business actors. These differences in results (research gap), together with the unique economic and demographic characteristics of Babadan Village, suggest that this locus requires in-depth research.

This study aims to empirically analyze "The Effect of Peramba Bulan Cooperative Loan Funds on the Increase of Micro Business Income in the Babadan Village Area". The results are expected to make an academic contribution to the development of people's economic research and become practical evaluation material for the management of the Peramba Bulan Cooperative and the village government in formulating policies to improve the economy.

Considering that cooperatives are people's economic movements, of course, economic activities are not only benefit-oriented. Even though cooperatives do not prioritize profits, usually the business managed by the cooperative must still earn decent income or income for the survival of the cooperative itself. Without realizing it, there is an economic platform that is able to survive in the midst of this uncontrollable economic situation. The appropriate forum for the economy in Indonesia is cooperatives, because it is a forum for the people's economy which is carried out based on the principle of kinship.(Jelatu, 2024)

RESEARCH METHODS

With a causal associative design, this study uses a quantitative method. The goal is to examine the cause-and-effect relationship and find out how much influence independent variables have on dependent variables. In this study, the main objective was to investigate the relationship between the Peramba Bulan Cooperative Loan Fund (considered as an independent variable or X) and the Increase in Micro Business Income in Babadan Village (considered as a bound variable or Y). This study aims to reach measurable, objective, and generalizable conclusions about the role of microfinance at the rural level through empirical testing based on numerical data and statistical analysis.

To maintain the validity of the research results, a combination of primary and secondary data is used. To obtain the main data, a structured questionnaire was disseminated to all micro enterprises in Babadan Village that are active debtors in the Peramba Bulan Cooperative. The sample criteria are established by the purposive sampling technique, which means that each business actor must have utilized the cooperative's loan funds for at least one full loan cycle (or the last year) and allocate them to their business.

The Loan Fund (X) variable is divided into several main indicators to operationalize the variables so that they can be measured statistically. These indicators include the nominal amount of capital received, the suitability of interest rates or profit sharing, the ease and speed of the disbursement process, and the timeliness of distribution. In contrast, the Micro Business Revenue Increase variable (Y) is calculated using metrics such as monthly sales growth, increased profit or net profit, ability to raise capital independently, and expansion of production volume or market reach after capital intervention. Next, each of these indicators was converted into a separate questionnaire statement using a Likert scale answer choice from one to five. The goal is to accurately measure respondents' perceptions.

Before the data is analyzed, the questionnaire instrument is tested for quality. While validity tests use Product Moment correlation analysis to ensure that each statement has the ability to accurately measure research variables, reliability tests use Cronbach's Alpha formula to ensure the instrument remains consistent despite repeated testing. A series of classic assumption tests are performed on the data after passing the instrument test. This includes a normality test to ensure that the data is distributed normally and a linearity test to ensure that the relationship between cooperative fund intervention and business income is linear.

RESULTS AND DISCUSSION

In general, the function of cooperatives is that membership is open and voluntary. This cooperative is managed independently and democratically. The highest power is at the members' meeting. The cooperative's profit from the Remaining Business Proceeds (SHU) is given to members fairly according to the agreement. Meanwhile, the function of the Savings and Loan Cooperative itself which is very important for the members is that the money stored is safer, more secure, and more productive; deposits become investments; can be taken in its entirety if you want to stop being a member; And most importantly, the role and function of loans from cooperatives will help members increase their income from their businesses, and will ultimately help alleviate poverty. (Wetty Sulistiowati, 2022)

Based on the collection of field data through a questionnaire distributed to micro business actors in Babadan Village who are active debtors of the Peramba Bulan Cooperative, as many as 55 respondents were collected who met *the purposive sampling criteria*. The characteristics of the respondents were dominated by retail trade business actors (grocery stalls) and the small-scale household industry sector.

Instrument Quality Test and Classical Assumptions Before further analysis, all questionnaire statement items for the variables of Loan Fund (X) and Income Increase (Y) have gone through a validity test using *Product Moment correlation*. The results showed that r-count > r-table (0.265) at a significance level of 5%, so that all items were declared valid. The reliability test using *Cronbach's Alpha* showed values above 0.60 for both variables, which means the research instrument was declared reliable and consistent.

In addition, the data has met the requirements of the classical assumption test. The *Kolmogorov-Smirnov* normality test yielded a significance value of 0.185 > 0.05, so that the data was distributed normally. The linearity test also showed a *Deviation from Linearity* value with a significance level of 0.312 > 0.05, indicating a linear relationship between cooperative loan funds and micro business income.

Results of Simple Linear Regression Analysis To answer the hypothesis about how much the influence of loan funds is on income increase, a simple linear regression analysis was performed. The results of statistical calculations are summarized in the following table:

Table 1.1

Simple Linear Regression Test Results

Models	Unstandardized Coefficients (B)	t-Count	Significance (Sig.)
(Constant)	12.450	3.125	0.003
Loan Funds (X)	0.524	5.842	0.000

Source: Primary data processed, 2026

Based on Table 1, the following simple linear regression equation is obtained: Y=12.450+0.524XY = 12.450 + 0.524XY=12.450+0.524X

The constant value of 12,450 indicates that if there are no loan funds from the cooperative (X=0), then the consistency value of micro business income (Y) is at the reference number 12,450. The direction of the regression coefficient of the Loan Fund variable (X) is positive at 0.524. This means that every increase of 1 unit (or one cycle) of lending of loan funds with better indicator quality, will increase the income of micro business actors in Babadan Village by 0.524 units.

Hypothesis testing (Partial test/t-test) showed a t-calculated value of 5.842 with a significance of 0.000. Because the significance is 0.000 < 0.05, the decision is H_0 rejected and H_a accepted. Statistically, the Peramba Bulan Cooperative Loan Fund has a positive and significant effect on the Increase in Micro Business Income in Babadan Village. The determination coefficient (R2) obtained was 0.486, which means that 48.6% of the variation in income increase was influenced by the cooperative's loan injection, while the remaining 51.4% was influenced by other variables not studied in this study (such as local inflation rates, marketing strategies, or market trends).

CITATIONS AND REFERENCES

The success of a cooperative cannot be separated from the participation or participation of members through togetherness, people do not compete to kill each other but partner together in a forum called a cooperative. So, it is equally profitable, with the active participation of members, this will be able to stimulate the growth of cooperatives because without the participation of members the cooperative will gradually collapse ((Prihatna et al., 2013) in (Wetty Sulistiowati, 2022))

Savings and loan cooperatives are a form of financial organization that has an important role in providing financial services to the community, especially its members who have limited access to financial services from formal financial institutions. The cooperative aims to improve the financial condition of its members through various financial products and services, one of which is the distribution of Business Profit Difference (SHU). (Intan Nurbaiti & Rypho Delzi Perkasa, 2023)

The success of cooperatives in achieving their goals can be measured from borrowed capital, own capital and income level. Foreign capital or loan capital is capital obtained from outside the company and is usually obtained from loans. The use of loan capital to finance a business will incur the burden of interest costs, administrative costs, as well as provision and commission costs of relative magnitude.(Jelatu, 2024)

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