


Feasibility Analysis Of Tas Small To Medium Industrial Enterprises In Tanggulangin District, Sidoarjo Regency

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received Aug 29, 2023 Revised Sep 20, 2023 Accepted Sep 30, 2023</p> <p>Keywords:</p> <p>Benefit/Cost Ratio, SMEs, Business Feasibility, Qualitative, Return on Investment, Revenue/Cost Ratio.</p>	<p>Small and medium industries (IKM) have made a major contribution to national economic growth and societal welfare. The important role of the SME sector can be seen from the absorption of the workforce which reached 12.39 million people or contributed 66.25% of the total workforce in the industrial sector. The important role of the SME sector can be seen from the absorption of the workforce which reached 12.39 million people or contributed 66.25% of the total workforce in the industrial sector. SMEs were able to contribute to the growth of the non-oil and gas industry by 21.22%. This research uses a qualitative analysis method with primary data and secondary data. Data was collected through literature study, observation, interviews and documentation conducted on six bag business informants in Kedensari Village, Tanggulangin District, Sidoarjo Regency. Business feasibility analysis is determined using a cost and profit analysis formula. The formula used is analysis of the R/C ratio, B/C ratio, and ROI. Based on the results of research conducted on six bag entrepreneurs in Kedensari Village, Tanggulangin District, Sidoarjo Regency, analysis of the R/C ratio, B/C ratio, ROI shows results >1 which indicates that the business is feasible. This shows that the profit value obtained by bag entrepreneurs is more than the total costs and business capital incurred during bag production.</p> <p><i>This is an open access article under the CC BY-NC license.</i></p> 

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1. INTRODUCTION

Small and Medium Industries (IKM) have a strategic role in encouraging economic growth, social stability and dynamic private sector development. During the national economic recovery from the impact of the COVID-19 pandemic, SMEs have become the backbone for national economic growth, because apart from playing a role in economic growth and employment, they also play a role in distributing development results.

The development of SME centers is a mandate of Law Number 3 of 2014 concerning Industry, of which article 14 states the role of the central government and/or regional governments in accelerating the spread and even distribution of industrial development throughout the territory of the Unitary State of the Republic of Indonesia through industrial zoning.

Sidoarjo Regency has great industrial potential. The number of SMEs in Sidoarjo Regency is 801,740 units, of which agricultural SMEs are 44,001 units while non-agricultural SMEs are

716,765 units. SMEs have a role in the economy. This can be seen in the gross value added in 2018-2021 which tends to be stable, including in 2018 the gross value added was constant, in 2010 it was IDR 69,193 billion, increasing in 2019 to IDR 73,731 billion, then in 2020 it decreased by IDR 72,019 billion and will increase in 2021 by IDR 79,366 billion. Meanwhile, constant GRDP in 2018-2021 tends to be stable, where in 2018 it was IDR 132,553 billion, increasing in 2019 by IDR. 140,493 billion, in 2020 it decreased by IDR 135,305 billion and in 2021 it increased by IDR 141,000 billion.

The Tanggulangin bag industry is also experiencing unstable conditions or a decline in income due to the Covid-19 pandemic. The Covid-19 pandemic has the potential to change the world economic order, marked by changes in trade strategies, and resulting in the cessation of various business sectors, as well as changes in consumer purchasing patterns. The Covid-19 outbreak that hit hampered the progress of the economy and had an impact on the Indonesian economy for some time to come. The Indonesian economy is currently in a very unstable condition due to the Covid-19 pandemic. A number of industries have shut down or experienced a decline in performance so that they are approaching dormant conditions or temporarily closed. The decline in income experienced by the community then leads to aspects of seasonal vulnerability, namely changes in people's consumption patterns. To survive, a number of bag craftsmen in Tanggulangin switched to producing cloth masks as an effort to maintain their business.

2. RESEARCH METHOD

This research uses qualitative methods, qualitative research is a social science research method that collects and analyzes data in the form of words (oral and written), using a scientific background, with the aim of interpreting phenomena that occur and is carried out by involving various existing methods and actions. humans and research do not attempt to calculate or quantify the qualitative data that has been obtained and thus do not analyze the numbers. The program used in this research to manage data is by using the Excel data program with the formulas R/C (Revenue/Cost Ratio), B/C (Benefit/Cost Ratio), ROI (Return On Investment).

3. RESULTS AND DISCUSSIONS

Cost Analysis

a. Fixed cost

Constant Equipment And Tool Servicing Costs Are Incurred Every Month.

Table 2 Fixed cost						
Description	Informant					
	1	2	3	4	5	6
Equipment depreciation costs	354673.91	219523.81	281666.67	263611.11	680530.30	179761.90
Equipment service costs	10000	7500	10000	7500	10000	7500
TFC	364673.91	227023.81	291666.67	271111.11	690530.30	187261.90

The total fixed costs in table 4.27 incurred by Informant 1 were Rp364673.91, Informant 2 amounted to Rp227023.81, Informant 3 amounted to Rp291666.67, Informant 4 amounted to Rp271111.11, Informant 5 amounted to Rp690530.30, and Informant 6 Rp187261.90. These costs are incurred constantly in the same amount every month.

b. Total Production Cost (TC)

Total production costs are obtained from the sum of total fixed costs and total variable costs. In Table 4.28, it can be seen that the total production cost value for each informant, namely Informant 1, is Rp.35514673.91, Informant 2 amounted to Rp31747523.81, Informant 3 amounted to Rp48803666.67, Informant 4 amounted to Rp28882111.11, Informant 5 amounted to Rp48847530.30, and Informant 6 Rp22619261.90.

c. Reception

Table 2 Total Receipts

Informant	Product Price (P)	Total Sales (Q)	Revenue (TR)
1	50,000	1,600	80,000,000
2	50,000	2,000	100,000,000
3	50,000	2,000	100,000,000
4	200,000	1,000	200,000,000
5	35,000	5,000	175,000,000
6	50,000	1,600	80,000,000

Revenue is a calculation of the product price multiplied by total sales. The results of calculating the total revenue from the bag production business in Kedensari Village, Tanggulangin District, Sidoarjo Regency can be seen in table 4.29.

d. Profit

Profits from bag production in Kedensari Village, Tanggulangin District, Sidoarjo Regency, are obtained from total revenues minus total production costs.

Table 3. Total Profit

Informant	Revenue (TR)	Total Production Cost (TC)	Profit (π)
1	80,000,000	35514673.91	44485326.09
2	100,000,000	31747523.81	68252476.19
3	100,000,000	48803666.67	51196333.33
4	200,000,000	19882111,11	180117888.89
5	175,000,000	71347530.30	103652469.70
6	80,000,000	22619261.90	57380738.10

Feasibility Analysis

a. Revenue/Cost Ratio (R/C Ratio)

Table 4. R/C Ratio Analysis

Informant	Revenue (TR)	Total Production Cost (TC)	R/C Ratio	Information
1	80000000	35514673.91	2.252590019	Worthy Business
2	100000000	31747523.81	3.149851957	Worthy Business
3	100000000	48803666.67	2.049026371	Worthy Business
4	200000000	19882111,11	10.05929395	Worthy Business
5	175000000	71347530.30	2.452782868	Worthy Business
6	80000000	22619261.90	3.536808599	Worthy Business

b. Benefit/Cost Ratio (B/C Ratio)

Table 5. B/C Ratio Analysis

Informant	Profit	Total Production Cost (TC)	B/C Ratio	Information
1	44485326.09	35514673.91	1.252590019	worthy effort
2	68252476.19	31747523.81	2.149851957	worthy effort
3	51196333.33	48803666.67	1.049026371	worthy effort
4	180117888.89	19882111,11	9.059293949	worthy effort
5	103652469.70	71347530.30	1.452782868	worthy effort
6	57380738.10	22619261.90	2.536808599	worthy effort

c. Return On Investment (ROI)

Table 6. Return On Investment Analysis

Informant	ROI	ROI (%)	Information
1	1.252590019	140%	worthy effort
2	2.149851957	215%	worthy effort
3	1.049026371	105%	worthy effort
4	9.059293949	906%	worthy effort
5	1.452782868	145%	worthy effort
6	2.536808599	254%	worthy effort

Research Implications

The implications of the research that has been carried out refer to the feasibility of a bag production business in Kedensari Village, Tanggulangin District, Sidoarjo Regency which has the following theoretical implications and methodological implications as an explanation:

a. Theoretical Implications

The theoretical implications of research on bag production businesses in Kedensari Village can be seen from the financial results which include Revenue Cost Ratio R/C, Benefit Cost Ratio B/C and Return On Investment ROI. It is hoped that this research can be a parameter in considering calculating the feasibility of a bag business in Kedensari Village, Tanggulangin District, Sidoarjo Regency.

b. Methodological Implications

Methodological implications relate to the conclusions of this research. Where based on financial analysis using Revenue Cost Ratio RC, Benefit Cost Ratio B/C and Return On Investment ROI shows results of more than 1 (>1) which means bag production in Kedensari Village is feasible.

4. CONCLUSION

Based on the results of research conducted on six bag entrepreneurs in Kedensari Village, Tanggulangin District, Sidoarjo Regency, analysis of the R/C ratio, B/C ratio, ROI shows results >1 which indicates that the business is feasible. This shows that the profit value obtained by bag entrepreneurs is more than the total costs and business capital incurred during bag production.

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