



The Effect of The Production Budget on The Smooth Production of Tapis Marga Kaya's Micro, Small and Medium Enterprises (MSME)

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Abstract

Tapis Marga Kaya is one of the micro, small and medium enterprises (MSME) engaged in the manufacture of Tapis Cloth. The preparation of the production budget is basically planning how much the budgeted costs will be for the coming year. The preparation of the production budget has a broader scope, including with regard to how many products will be produced, how the production process will be carried out, and how much budget will be spent on the production process. The problem faced in this study is how the influence of the production budget on the smooth production of Tapis Marga Kaya. Data collection techniques in this study were carried out by conducting interviews, observing documentation, literature studies and questionnaires, using qualitative and quantitative analysis. The data was taken using a questionnaire which was distributed to 16 employee respondents at Tapis Marga Kaya. From the results of data processing, it was found that the price (r) = 0.6947 which has a fairly strong correlation and the value of t -count = 4.6512 when compared with the t -table at the 95% confidence level with a 5% degree of error obtained at 1.782. Because the value of t -count > t -table, then the hypothesis put forward can be accepted. The conclusion drawn is that the budget is reduced by 2.62%. There is an increase in the smooth production of 26.15%. This means that Tapis Marga Kaya can prepare the production budget. Suggestion, calculate carefully first before preparing the production budget.

Keywords: Micro, Small and Medium Enterprises (MSME), Tapis Marga Kaya, Production Budget, Smooth Production

INTRODUCTION

In principle, every organization is formed and established because of certain goals to be achieved. To achieve this goal, various resources are needed as supporting factors, including employees or human resources. Humans are the most important element in addition to the support of sources of funds, facilities and infrastructure. Humans are the most important element besides other elements owned by an

organization such as money, materials, machines, work methods, time and other wealth which can provide benefits to the organization, if humans in the organization are the building power and not the destroyer for the organization. From the statement above, it is clear that humans are a central element in an organization because humans are planners as well as active actors in the activities of the organization. The importance of the human element in an organization needs serious attention. Therefore, the development of human resources must be improved step by step. It cannot be doubted that the development of human resources is the best vehicle for the positive traits of humans to stand out in their organizational life and at the same time is a conscious effort to eliminate, or at least reduce the negative traits which are inherent in human beings because only with this organizational and individual progress can be achieved.

The benefits of developing human resources are felt to be increasingly important because of job or position demands as a result of technological advances and increasingly intense competition between existing organizations. Therefore, every employee is required to be able to work effectively and efficiently, both in quality and quantity. With self-development and employee progress, it is hoped that skills and efficiency in the learning process will increase so that employees can carry out their duties properly as expected. The problem in the object of research is how big is the production budget and whether there is an increase in the smoothness of production at Tapis Marga Kaya. The purpose of this study is to determine the effect of the production budget on the smooth production of Tapis Marga Kaya and to find out the steps and methods taken by Tapis Marga Kaya.

THEORETICAL STUDY

Production Budget

Budget is a work plan which is carefully prepared based on past experience and future forecasts. The budget is so thorough and detailed that it is a guide for employees in carrying out a job. A budget according to (Rofiah, 2011) is a plan which is arranged systematically which includes all company activities expressed in monetary units and applies within a certain period to come. According to (Rofiah, 2011) in his book entitled *The Role of Staff in Management*, a budget is a quantifiable plan (amount) periodically prepared based on an approved program. (Wang et al., 2017), define a budget is a detailed plan for obtaining and using financial resources and other resources for a certain period.

The Definition of Production

Production is an activity carried out to add use to an object or create a new object so that it is more useful to meet needs. In other words, production is a process of creating or increasing the use value of an item. (Garika, 2018) says that production is all work which can generate benefits, increase existing benefits, and distribute those benefits to many people. Meanwhile, according to Hanssen P. Wokers (2012: 12), production is all human endeavors/ activities which can bring objects into a state so that they can be used to better meet human needs. According to (Setiawan, 2018) , production is an activity to create or increase the use of goods or services. According to (Fauzi, 2013, 2018; Jonathan P. Allen, 2019), production is a process for changing goods so that they have use value for human needs.

Meanwhile, according to Heizer and Render (2015: 14) production is the process of creating goods and services. The production process in a country should

not stop under any circumstances. Therefore, both the government and the private sector, to be able to produce, require the availability of raw materials. In addition, production factors such as labor, capital, entrepreneurs, and information resources are still available so that the production process can run smoothly. (Davis, 2002; McLeod, 2004) production is a form of agenda carried out in an effort to meet human needs. This agenda must be an agenda which produces goods/ services or adds the use of goods/ services.

RESEARCH METHODS

The methods of collecting and processing data are:

a. Library research

Data collection through literature study by reading literature books related to the writing of this research.

b. Field research

Collecting data by directly observing the location of the object under study by:

1. Interview

Collecting data by holding direct dialogue with the parties involved in writing this research.

2. Observation

Collecting data by conducting direct observation of the object of research by recording the systematic data needed.

3. Questionnaire

Collecting data by providing a questionnaire containing statements about the variables studied.

Research Instruments

Data source

The data in this study are sourced from:

1. Primary data is data obtained directly by means of observation, interviews and questionnaires.
2. Secondary data is data obtained from literature studies and documentation by studying, recording, citing sources of data and information related to the problems in this study.

Correlation Analysis

(Zhang, Cheng, Xia, Guo, & Tian, 2014) The data obtained comes from various independent and dependent variables, data from the Production Budget on Production Smoothness which is quantitative data. To find out whether there is an effect of the Production Budget on Production Smoothness in Tapis Marga Kaya, we first put forward the form of Influence between Production Smoothness on Tapis Marga Kaya (Y) and Production Budget (X1) using Product Moment formula as follows:

$$r_{xy} = \frac{n\sum XY - (\sum X)(\sum Y)}{\sqrt{(n\sum X^2 - (\sum X)^2)(n\sum Y^2 - (\sum Y)^2)}}$$

Information:

r_{xy} = Correlation coefficient of X and Y variables

$\sum X$ = Independent variable
 $\sum Y$ = Dependent variable
 n = Number of samples

Qualitative Analysis

Data analysis uses words and is non-mathematical related to a series of information theories as a support for problem solving.

Quantitative Analysis

Data analysis uses numbers which are solved by solving them. The formula used is (Anto Dajan, 2012):

$$r = \frac{n \cdot \sum X.Y - (\sum X)(\sum Y)}{\sqrt{[n \cdot \sum X^2 - (\sum X)^2] \cdot [n \cdot \sum Y^2 - (\sum Y)^2]}}$$

Information:

r = Correlation

x = Independent variable

y = Dependent variable

Σ = The Number of samples

n = Sample

XY = the result of the multiplication of the independent and dependent variables

X^2 = the result of the multiplication of the independent variable square

Y^2 = the result of the multiplication of the dependent variable square

To determine the percentage level of this influence, researchers use the formula:

$$KP = r^2 \times 100 \%$$

Information:

KP = Percentage rate and influence

r = Correlation coefficient

To test the hypotheses which have been described, whether they can be accepted or not, the authors use the formula (Wahid Eka Saputra, 2019):

$$t = \frac{r \sqrt{(n-2)}}{\sqrt{1-r^2}}$$

Information:

t = Correlation coefficient tester

r = Correlation coefficient

n = The Number of samples

T can be searched by looking at the t -table with degrees of freedom 0.05 for $(n - 2)$. If t -count is greater than t -table then H_a is accepted and H_o is rejected. If t -count is smaller than t -table then H_a is rejected and H_o is accepted.

DISCUSSION

This section answers the formulation of the problem which has been determined before. First, the research variables will be discussed, then data analysis will be carried out by statistical testing of the variables. From the results of the tests which

have been carried out, it can be concluded that partially the production budget has a significant influence on the Smooth Production of Tapis Marga Kaya. From the results of data processing, the price (r) is 0.6947, which has a fairly strong correlation and the t-count value is 4.6512, which is greater than the t-table at a 95% confidence level with a 5% degree of error, which a value of 1.782 is obtained. Because the value of t-count > t-table, thus the hypothesis put forward can be accepted. The conclusion drawn is that with an increased budget of 2.62%, there is an increase in smooth production of 26.15%. Optimization of smooth production can be achieved by increasing the production budget, so that the level of efficiency becomes high and the product produced will be high so that production plans or production targets can be achieved precisely. This means that the company must be able to carefully prepare the production budget. As a suggestion, calculate carefully before making a production budget.

CONCLUSION

Based on the results of the research and discussion which has been carried out, it can be concluded that the production budget partially has an influence and is significant on the Smooth Production of Tapis Marga Kaya. From the results of data processing, the price (r) is 0.6947 which has a fairly strong correlation and the t-count is 4.6512. T-table at 95% confidence level with a 5% degree of error, obtains a value of 1.782. Because the value of t-count > t-table, thus the hypothesis put forward can be accepted. The conclusion drawn is that the budget has been increased by 2.62% and there has been an increase in smooth production of 26.15%.

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