

Capital Development Strategy of Culinary MSMEs In Surabaya

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Abstract: Indonesia is a country whose economy is supported by the formal and informal sectors. MSMEs which are part of the informal sector have a major contribution to the economy. On the other hand, currently the existence of Micro, Small and Medium Enterprises (MSMEs) is not getting enough attention, even though during the economic crisis, this business sector has persisted even with a rapidly increasing number. The strong resilience of MSMEs is because they are supported by a capital structure that depends more on their own funds than the total MSMEs. The use of funds itself is also inseparable because the banking sector does not take sides with MSMEs. Own capital and loan capital as one of the factors for obtaining income in MSMEs, the efficiency can be measured by the rate of rotation of the amount of capital in the form of money, the turnover of the number of goods sold.

Keywords: Culinary MSMEs, Capital, Development Strategy, Banking.

INTRODUCTION

Indonesia is a large country whose economy is supported by the formal and informal sectors. MSMEs which are part of the informal sector have a major contribution to the economy. According to data from the Ministry of Cooperatives and SMEs of the Republic of Indonesia, the Economic Census from the Central Statistics Agency in 2016 shows the large contribution of MSMEs.

The following is the contribution of MSMEs to the Indonesian Economy:

- MSMEs absorb up to 89.2 percent of the total workforce.
- MSMEs provide up to 99 percent of total employment
- MSMEs contribute 60.34 percent of the total national GDP
- MSMEs contributed 14.17 percent of total exports
- MSMEs contributed 58.18 percent of the total investment

With the data listed above, MSMEs play a key role in sustainable development that must be achieved by every business sector.

At present, the existence of Micro, Small and Medium Enterprises (MSMEs) is not getting enough attention, even though during the economic crisis this business sector has persisted even with a rapidly increasing number (Fatimah, 2011). The strong resilience of MSMEs is because they are supported by a capital structure that depends more on their own funds than the total MSMEs. The use of funds itself is also inseparable because the banking sector does not take sides with MSMEs (Wirawan *et al.*, 2015).

For MSME actors, capital is the driving force for business activities and for business operations as well as purchasing supplies in the form of raw materials or goods to be sold. To support business continuity and bridge the relationship between MSMEs and banks in order to support the banking intermediary function and provide loan capital and develop MSMEs (Fatimah and Darna, 2011). Own capital and loan capital as one of the factors for obtaining income in MSMEs, the efficiency can be measured by the rate of rotation of the amount of capital in the form of money, the turnover of the number of goods sold.

Capital is an important thing in a business to be built. In a business, not only do you need your own capital but also help with loan capital. The existence of loan capital will affect the increase in income and business productivity (Pratiwi *et al.*, 2014). With high capital, entrepreneurs are able to produce more results of their business, thus increasing their income.

The aim of this research is that sustainable development for MSME businesses must be achieved with a good and correct capital strategy, especially for culinary MSMEs in Surabaya. MSMEs have fundamental capital problems. This relates to the limited capabilities and knowledge of culinary MSME actors in Surabaya regarding good capital for the growth of MSMEs. If this capital problem cannot be resolved, sustainable development will be difficult to achieve. For MSME actors, capital is the driving force for business activities and for business operations as well as purchasing supplies in the form of raw materials or goods to be sold. To support business continuity and bridge the relationship between MSMEs and banks in order to support the banking intermediary function and provide loan capital and develop MSMEs (Fatimah and Darna, 2011). Own capital and loan capital as one of the factors for obtaining income in MSMEs, the efficiency can be measured by the rate of rotation of the amount of capital in the form of money, the turnover of the number of goods sold.

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LITERATURE REVIEW

MSMEs

Definition of MSMEs

Concept of Micro, Small, and Medium Enterprises (UMKM) In Chapter I article 1 of Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), what is meant by Micro, Small and Medium Enterprises are:

- Micro Business is a productive business owned by an individual and / or an individual business entity that meets the criteria of a Micro Business as regulated in this Law.
- Small Business is a productive economic business that stands alone, which is carried out by an individual or a business entity that is not a subsidiary or branch of a company that is owned, controlled, or is a part, either directly or indirectly,

of a Medium or Large Business. Criteria for Small Business as referred to in this Law.

- Medium Enterprises are productive economic enterprises that are independent, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part of, either directly or indirectly, with Small or Large Businesses with the amount of net worth or annual sales proceeds

Based on the above definition, in essence, Micro, Small, and Medium Enterprises are a form of productive economic business carried out by individuals or individual business entities that meet the criteria of Micro, Small and Medium Enterprises.

Types of MSMEs

Based on wealth and sales proceeds, according to Law Number 20 of 2008 Article 6, the criteria for micro businesses are:

- Having a net assets of not more than Rp. 50,000,000.00 (fifty million rupiah) excluding land and buildings for business premises; or
- Have annual sales proceeds of not more than Rp. 300,000,000.00 (three hundred million rupiah).

The criteria for small businesses are as follows:

- Have a net worth of more than Rp.50,000,000.00 (fifty million rupiahs) up to a maximum of Rp. 500,000,000.00 (five hundred million rupiah) excluding land and buildings for business premises; or
- Have annual sales revenue of more than Rp. 300,000,000.00 (three hundred million rupiah) up to a maximum of Rp. 2,500,000,000.00 (two billion and five hundred million rupiah).

Meanwhile, the criteria for medium enterprises are as follows:

- Having a net worth of more than Rp. 500,000,000.00 (five hundred million rupiah) up to a maximum of Rp. 10,000,000,000.00 (ten billion rupiah) excluding land and buildings for business premises; or
- Having annual sales revenue of more than Rp. 2,500,000,000.00 (two billion five hundred million rupiah) up to a maximum of Rp. 50,000,000,000.00 (fifty billion rupiah).

Capital

Definition of Capital

The definition of business capital according to the Big Indonesian Dictionary in Nugraha (2011: 9) is venture capital is money that is used as the principal (parent) for trading, releasing money, and so on; property (money, goods, etc.) that can be used to produce something that increases wealth. Capital in this sense can be interpreted as the amount of money used in carrying out business activities.

Many people think that money capital is not everything in a business. However, it should be understood that money in a business is very necessary. The problem here is not the importance of capital, because its existence is very necessary, but how to manage capital optimally so that the business can run smoothly (Amirullah, 2005: 7).

Types of Capital

a. Own Capital

According to Mardiyatmo (2008), own capital is capital obtained from the business owner himself. Own capital consists of savings, donations, grants, relatives, etc. The excess of own capital is:

- There are no fees, such as interest costs or administration fees, so they are not borne by the company;
- Not dependent on other parties, meaning that funds are obtained from deposits by the owners of capital;
- Does not require complicated requirements and takes a relatively long time;
- There is no requirement for a return on capital, meaning that the capital invested by the owner will be long and there will be no problems if the owner of the capital is willing to transfer it to another party.

The disadvantages of own capitals are:

- The amount is limited, meaning that to obtain a certain amount depends on the owner and the amount is relatively limited
- Obtaining a certain amount of own capital from prospective new owners (potential new shareholders) is difficult because they will consider their performance and business prospects;
- Lack of owner motivation, meaning that business owners who use their own capital have lower business motivation than those who use foreign capital.

b. Foreign Capital (Loan)

Foreign capital or borrowed capital is capital that is usually obtained from parties outside the company and is usually obtained from loans. The advantage of loan capital is an unlimited amount, meaning that it is available in large quantities. In addition, using loan capital usually arises motivation from the management to do business in earnest. Sources of funds from foreign capital can be obtained from:

- Loans from the banking sector, either from private or government banks or foreign banks;
- Loans from financial institutions such as pawnshops, venture capital companies, leasing insurance, pension funds, cooperatives or other financial institutions;
- Loans from non-financial companies.

The excess of loan capital is:

- The amount is unlimited, meaning that the company can apply for loan capital from various

sources. As long as the funds proposed by the company are feasible, obtaining funds is not too difficult. Many parties try to offer their funds to companies that are considered to have bright prospects;

- High business motivation. This is the opposite of using your own capital. When using foreign capital, the owner's motivation to promote the business is high, this is due to the burden on the company to repay the loan. In addition, the company also tries to maintain the image and trust of the companies that provide loans so that it is not tainted.

The drawbacks of loan capital are:

- Subject to various fees such as interest and administration fees. Loans obtained from other institutions are definitely accompanied by various obligations to pay for services such as: interest, administrative fees, fees and commissions, stamp duty and insurance;
- Must be returned. Foreign capital must be returned within the agreed period. For companies that are experiencing liquidity, this is a burden that must be borne;
- Moral burdens. Companies that experience failure or problems that result in losses will have an impact on the loan so that it will become a moral burden on debts that have not been or will be paid (Kasmir, 2007: 91).

Join Venture

In addition to own capital or loans, you can also use business capital by sharing business ownership with other people. You do this by combining your own capital with the capital of one friend or several people (who act as business partners) (Jackie Ambadar, 2010: 15).

From the above opinion, it can be concluded that business capital is assets that are owned to be used in carrying out business activities with the aim of obtaining optimal profits so that it is expected to improve the welfare of MSMEs, especially those based on culinary in Surabaya.

METHODS

Type of Research

Descriptive method with a qualitative approach is the type of research used by researchers. The purpose of this research is that researchers can describe the actual situation in accordance with reality, explore and analyze more deeply the strategy for developing culinary MSME capital in order to realize sustainable development as a culinary tourism destination. Interviews, observation and documentation are qualitative approaches obtained by researchers.

Research Focus

- The data used in this study are primary data, namely from interviews with culinary MSME owners in Surabaya.
- The focus of this research is devoted to the capital development strategy of culinary MSMEs in Surabaya.

Data Collection Technique

Researchers in conducting research using observation, interviews and documentation in data collection techniques.

Research Instrument

Recorders, field notes, interview guides, and the researchers themselves are instruments used by researchers as tools in collecting data.

Data Analysis

Miles and Huberman's interactive model used by researchers in data analysis. Data collection, data reduction, data display and verifying are the stages of data analysis used by researchers.

Data Validity

Researchers used data validity techniques in the form of triangulation of sources. Sugiyono (2007) explains that source triangulation is used to test the credibility of the data by checking the data that has been obtained from several sources.

DISCUSSION

Cooperative

From the results of interviews with culinary MSME players in Surabaya, cooperatives are not yet the choice for MSMEs. There are many reasons why there are still few MSME players who use cooperatives as business partners and as a source of additional capital for them.

These reasons include:

1. There is still a small number of savings and loan cooperatives that accommodate MSME groups so that their access is very low;
2. Their reluctance to join as cooperative members because there is an obligation to pay principal savings and mandatory monthly savings which are considered as expenses;
3. In general, they do not want to form cooperatives because they do not have confidence in the para
4. Their ignorance of the benefits of cooperating which can help their business activities;
5. The number of cooperatives that fail and go bankrupt due to mismanagement, causing some SMEs to lose confidence in cooperatives;
6. There are still a few cooperatives that are able to make their members prosperous, so as to attract them to join and
7. There is no guarantee of the security of their savings in the cooperative, affecting their interest in becoming members of the cooperative (BMT).

The results of this study reinforce the initial assumption that the role of cooperatives in empowering SMEs, especially those related to capital, is still categorized as very low. Why is it that until now there are still so few groups of similar UMKM or SME groups with different types of business that are members of the cooperative organization. There are several factors that cause this to happen, namely:

1. Their lack of knowledge of the benefits of a cooperative and the benefits of being a member of a cooperative, this is due to, among other things, their level of education which is still below high school
2. Their limited time to run an organization that involves a number of members, because their time is used up to manage their respective businesses, so there is no time to run a cooperative organization which is a collection of people who have the same type of business.
3. Their ignorance of how to run a cooperative institution properly, in order to develop and be able to attract new members to join
4. There is no mentoring program from the cooperative or higher education office for UKM players who are able to direct them to form a forum called a cooperative.

Mobile Bank Capital

The convenience factor provided by mobile banks is an attraction for some SME entrepreneurs to obtain loans from these institutions. In general, culinary MSME actors in Surabaya are not bankable because they cannot fulfill several requirements requested by financial institutions as conditions for applying for capital loans. Even so, not a few of them whose business activities are feasible enough to be financed, however, do not yet have several business legality requirements.

The situation is even worse for micro business actors. In general, they are not only not bankable but also many of them who are not feasible to obtain credit from financial institutions. This has prompted some of them to take advantage of loans from moneylenders or from mobile banks that offer relatively high interest rates. The presence of formal financial institutions in the city of Surabaya that reaches almost all sub-districts is certain to have a positive impact in the form of changing people's views on non-formal financial institutions, which initially became the foundation for obtaining loans quickly.

The results of interviews with culinary MSMEs in Surabaya show that most culinary MSMEs in Surabaya have not used Mobile Banks as their source of capital. This is due to the start of the socialization of formal financial institutions to culinary MSME players with much lower interest rates compared to mobile banks.

Micro Finance Institution

Seen from the perspective of culinary MSME capital, strengthening micro enterprises with the MFI's forum plays a role in two channels. First, micro enterprises can create job opportunities, this is because MFIs are relatively labor-intensive with small capital. Second, through the development of micro-businesses that are directly linked to the poor who have productive businesses.

From interviews with culinary MSMEs in Surabaya, they started to become MFI customers because of the various forms of MFIs, and each MFI has different levels of development and maturity, which will have an impact on service to its target groups. But for many MSME actors, MFIs can provide financial services ideally, because MFIs have the following characteristics:

1. Simple credit procedure.
2. Requirements are easy to fulfill.
3. The cost of obtaining credit is cheap, as well
4. The crediting is correct.

CONCLUSION

- a. There are several options in fulfilling the sources of capital for culinary MSMEs in Surabaya. Of the several options, it can support the growth of MSMEs or become an obstacle to the growth of culinary MSMEs in Surabaya
- b. Knowledge of MSME actors is an important asset to determine the best source of capital

Suggestion

- a. The large number of culinary MSME actors in Surabaya who make their business a source of income, so choosing a source of capital as a source of business funding requires carefulness and accuracy in decision making. In addition, the role of the government, both directly and indirectly, is demanded in developing formal financial institutions that are beneficial to both MSMEs and the financial institutions themselves.
- b. Because capital is an important factor influencing the income growth of MSME actors, MSME players must pay attention to the financial system and conduct audits on a continual and consistent basis, so that the use of capital for business operations can be seen clearly, more effectively

and efficiently, so that MSMEs can continue developing.

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[IAR Journal of Business Management ISSN Print: 2708-5139 | ISSN Online: 2708-5147 Frequency: Bi-Monthly Language: English Origin: Kenya Website: https://www.iarconsortium.org/journal-info/IARJBM](https://www.iarconsortium.org/journal-info/IARJBM) Research Article [Capital Development Strategy of Culinary MSMEs in Surabaya](#) Article History Abstract: Indonesia is a country whose economy is supported by the formal and Received: 28.01.2021 informal sectors. MSMEs which are part of the informal sector have a major Revision: 06. 02.2021 contribution to the economy. On the other hand, currently the existence of Micro, Accepted: 15. 02.2021 Small and Medium Enterprises (MSMEs) is not getting enough attention, even Published: 28. 02.2021 though during the economic crisis, this business sector has persisted even with a Author Details rapidly increasing number. The strong resilience of MSMEs is because they are Deograsias Yoseph Y.F*1 & Bruno Hami Pahar2 supported by a capital structure that depends more on their own funds than the total MSMEs. The use of funds itself is also inseparable because the banking sector does Authors Affiliations not take sides with MSMEs. Own capital and loan capital as one of the factors for 1Faculty of Economics, Catholic University of obtaining income in MSMEs, the efficiency can be measured by the rate of rotation Darma Cendika, Indonesia of the amount of capital in the form of money, the turnover of the number of goods 2Faculty of Economics, Catholic University of sold. Darma Cendika, Indonesia Corresponding Author* Keywords: Culinary MSMEs, Capital, Development Strategy, Banking. Deograsias Yoseph Y.F How to Cite the Article: Deograsias Yoseph Y.F & Bruno Hami INTRODUCTION Pahar (2021). Capital Development Strategy of Indonesia is a large country whose economy is supported by the formal Culinary MSMEs in Surabaya. IAR J Bus Mng; and informal sectors. MSMEs which are part of the informal sector have a 2021; 2(1): 226-230. major contribution to the economy. According to data from the Ministry of [Copyright @ 2021: This is an open-access Cooperatives and SMEs of the Republic of Indonesia, the Economic Census article distributed under the terms of the from the Central Statistics Agency in 2016 shows the large contribution of Creative Commons Attribution license which permits unrestricted use, distribution, and MSMEs. reproduction in any medium for non commercial use \(NonCommercial, or CC-BY-](#) The following is [the contribution of MSMEs to the Indonesian NC\) provided the original author and source](#) Economy: [are credited](#). ? MSMEs absorb up to [89.2 percent of the total workforce](#). ? MSMEs [provide up to 99 percent of total employment](#) ? MSMEs [contribute 60.34 percent of the total national GDP](#) ? MSMEs [contributed 14.17 percent of total exports](#) ? MSMEs [contributed 58.18 percent of the total investment](#) With the data listed above, MSMEs play a key role in sustainable development that must be achieved by every business sector. At present, the existence of Micro, Small and Medium Enterprises (MSMEs) is not getting enough attention, even though during the economic crisis this business sector has persisted even with a rapidly increasing number (Fatimah, 2011). The strong resilience of MSMEs is because they are supported by a capital structure that depends more on their own funds than the total MSMEs. The use of funds itself is also inseparable because the banking sector does not take sides with MSMEs (Wirawan et al., 2015). For MSME actors, capital is the driving force for business activities and for business operations as well as purchasing supplies in the form of raw materials or goods to be sold. To support business continuity and bridge the relationship between MSMEs and banks in order to support the banking intermediary function and provide loan capital and develop MSMEs (Fatimah and Darna, 2011). Own capital and loan capital as one of the factors for obtaining income in MSMEs, the efficiency can be measured by the rate of rotation of the amount of capital in the form of

money, the turnover of the number of goods sold. Capital is an important thing in a business to be built. In a business, not only do you need your own capital but also help with loan capital. The existence of loan capital will affect the increase in income and business productivity (Pratiwi et al., 2014). With high capital, entrepreneurs are able to produce more results of their business, thus increasing their income. The aim of this research is that sustainable development for MSME businesses must be achieved with a good and correct capital strategy, especially for culinary MSMEs in Surabaya. MSMEs have fundamental capital problems. This relates to the limited capabilities and knowledge of culinary MSME actors in Surabaya regarding good capital for the growth of MSMEs. If this capital problem cannot be resolved, sustainable development will be difficult to achieve. For MSME actors, capital is the driving force for business activities and for business operations as well as purchasing supplies in the form of raw materials or goods to be sold. To support business continuity and bridge the relationship between MSMEs and banks in order to support the banking intermediary function and provide loan capital and develop MSMEs (Fatimah and Darna, 2011). Own capital and loan capital as one of the factors for obtaining income in MSMEs, the efficiency can be measured by the rate of rotation of the amount of capital in the form of money, the turnover of the number of goods sold. Capital is an important thing in a business to be built. In a business, not only do you need your own capital but also help with loan capital. The existence of loan capital will affect the increase in income and business productivity (Pratiwi et al., 2014). With high capital, entrepreneurs are able to produce more results of their business, thus increasing their income. The aim of this research is that sustainable development for MSME businesses must be achieved with a good and correct capital strategy, especially for culinary MSMEs in Surabaya. MSMEs have fundamental capital problems. This relates to the limited capabilities and knowledge of culinary MSME actors in Surabaya regarding good capital for the growth of MSMEs. If this capital problem cannot be resolved, sustainable development will be difficult to achieve.

LITERATURE REVIEW MSMEs Definition of MSMEs Concept [of Micro, Small, and Medium Enterprises \(UMKM\) In Chapter I article 1 of Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises \(MSMEs\)](#), what [is](#) meant by [Micro, Small and Medium Enterprises](#) are: ? [Micro Business is a productive business owned by an individual and / or an individual business entity that meets the](#) criteria of a [Micro Business as regulated in this Law](#). ? [Small Business is a productive economic business that stands alone, which is carried out by an individual or a business entity that is not a subsidiary or branch of a company that is owned, controlled, or is a part, either directly or indirectly,](#) of [a Medium or Large Business](#). Criteria for Small [Business](#) as referred to in this Law. ? Medium Enterprises are productive economic enterprises that are independent, [carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part of, either directly or indirectly, with Small or Large Businesses with](#) the amount of [net worth or annual sales proceeds](#) Based on the above definition, in essence, Micro, Small, and Medium Enterprises are a form of productive economic business carried out by individuals or individual business entities that meet the criteria of Micro, Small and Medium Enterprises. Types of MSMEs Based on wealth and sales proceeds, according to Law Number 20 of 2008 Article 6, the criteria for micro businesses are: ? Having a net assets of not more than Rp.50,000,000.00 (fifty million rupiah) [excluding land and buildings for business premises; or ? Have annual sales proceeds of not more than](#) Rp. 300,000,000.00 (three hundred million rupiah). The criteria for small businesses are as follows: ? Have a net worth of more than Rp.50,000,000.00 (fifty million rupiahs) up to a maximum of Rp.500,000,000.00 (five hundred million rupiah) [excluding land and buildings](#)

for business premises; or ? Have annual sales revenue of more than Rp. 300,000,000.00 (three hundred million rupiah) up to a maximum of Rp. 2,500,000,000.00 (two billion and five hundred million rupiah). Meanwhile, the criteria for medium enterprises are as follows: ? Having a net worth of more than Rp. 500,000,000.00 (five hundred million rupiah) up to a maximum of Rp. 10,000,000,000.00 (ten billion rupiah) excluding land and buildings for business premises; or ? Having annual sales revenue of more than Rp. 2,500,000,000.00 (two billion five hundred million rupiah) up to a maximum of Rp. 50,000,000,000.00 (fifty billion rupiah).

Capital Definition of Capital The definition of business capital according to the Big Indonesian Dictionary in Nugraha (2011: 9) is venture capital is money that is used as the principal (parent) for trading, releasing money, and so on; property (money, goods, etc.) that can be used to produce something that increases wealth. Capital in this sense can be interpreted as the amount of money used in carrying out business activities. Many people think that money capital is not everything in a business. However, it should be understood that money in a business is very necessary. The problem here is not the importance of capital, because its existence is very necessary, but how to manage capital optimally so that the business can run smoothly (Amirullah, 2005: 7).

Types of Capital

a. Own Capital According to Mardiyatmo (2008), own capital is capital obtained from the business owner himself. Own capital consists of savings, donations, grants, relatives, etc. The excess of own capital is: ? There are no fees, such as interest costs or administration fees, so they are not borne by the company; ? Not dependent on other parties, meaning that funds are obtained from deposits by the owners of capital; ? Does not require complicated requirements and takes a relatively long time; ? There is no requirement for a return on capital, meaning that the capital invested by the owner will be long and there will be no problems if the owner of the capital is willing to transfer it to another party. The disadvantages of own capitals are: ? The amount is limited, meaning that to obtain a certain amount depends on the owner and the amount is relatively limited ? Obtaining a certain amount of own capital from prospective new owners (potential new shareholders) is difficult because they will consider their performance and business prospects; ? Lack of owner motivation, meaning that business owners who use their own capital have lower business motivation than those who use foreign capital.

b. Foreign Capital (Loan) Foreign capital or borrowed capital is capital that is usually obtained from parties outside the company and is usually obtained from loans. The advantage of loan capital is an unlimited amount, meaning that it is available in large quantities. In addition, using loan capital usually arises motivation from the management to do business in earnest. Sources of funds from foreign capital can be obtained from: ? Loans from the banking sector, either from private or government banks or foreign banks; ? Loans from financial institutions such as pawnshops, venture capital companies, leasing insurance, pension funds, cooperatives or other financial institutions; ? Loans from non-financial companies. The excess of loan capital is: ? The amount is unlimited, meaning that the company can apply for loan capital from various sources. As long as the funds proposed by the company are feasible, obtaining funds is not too difficult. Many parties try to offer their funds to companies that are considered to have bright prospects; ? High business motivation. This is the opposite of using your own capital. When using foreign capital, the owner's motivation to promote the business is high, this is due to the burden on the company to repay the loan. In addition, the company also tries to maintain the image and trust of the companies that provide loans so that it is not tainted. The drawbacks of loan capital are: ? Subject to various fees such as interest and administration fees. Loans obtained from other institutions are definitely accompanied by various obligations to pay for services such as: interest, administrative fees, fees and

commissions, stamp duty and insurance; ? Must be returned. Foreign capital must be returned within the agreed period. For companies that are experiencing liquidity, this is a burden that must be borne; ? Moral burdens. Companies that experience failure or problems that result in losses will have an impact on the loan so that it will become a moral burden on debts that have not been or will be paid (Kasmir, 2007: 91). Join Venture In addition to own capital or loans, you can also use business capital by sharing business ownership with other people. You do this by combining your own capital with the capital of one friend or several people (who act as business partners) (Jackie Ambadar, 2010: 15). From the above opinion, it can be concluded that business capital is assets that are owned to be used in carrying out business activities with the aim of obtaining optimal profits so that it is expected to improve the welfare of MSMEs, especially those based on culinary in Surabaya.

METHODS Type of Research Descriptive method with a qualitative approach is the type of research used by researchers. The purpose of this research is that researchers can describe the actual situation in accordance with reality, explore and analyze more deeply the strategy for developing culinary MSME capital in order to realize sustainable development as a culinary tourism destination. Interviews, observation and documentation are qualitative approaches obtained by researchers. Research Focus ? [The data used in this study are primary data](#), namely from interviews with culinary MSME owners in Surabaya. ? The focus of this research is devoted to the [capital development strategy of culinary MSMEs in Surabaya](#).

Data Collection Technique Researchers in conducting research using observation, interviews and documentation in data collection techniques. Research Instrument Recorders, field notes, interview guides, and the researchers themselves are instruments used by researchers as tools in collecting data.

Data Analysis Miles and Huberman's interactive model used by researchers in data analysis. [Data collection, data reduction, data display and verifying are the stages of data analysis](#) used by researchers. Data Validity Researchers used data validity techniques in the form of triangulation of sources. Sugiyono (2007) explains that source triangulation is used to test the credibility of the data by checking the data that has been obtained from several sources.

DISCUSSION Cooperative From the results of interviews with culinary MSME players in Surabaya, cooperatives are not yet the choice for MSMEs. There are many reasons why there are still few MSME players who use cooperatives as business partners and as a source of additional capital for them. These reasons include: 1. There is still a small number of savings and loan cooperatives that accommodate MSME groups so that their access is very low; 2. Their reluctance to join as cooperative members because there is an obligation to pay principal savings and mandatory monthly savings which are considered as expenses; 3. In general, they do not want to form cooperatives because they do not have confidence in the para 4. Their ignorance of the benefits of cooperating which can help their business activities; 5. The number of cooperatives that fail and go bankrupt due to mismanagement, causing some SMEs to lose confidence in cooperatives; 6. There are still a few cooperatives that are able to make their members prosperous, so as to attract them to join and 7. There is no guarantee of the security of their savings in the cooperative, affecting their interest in becoming members of the cooperative (BMT). The results of this study reinforce the initial assumption that the role of cooperatives in empowering SMEs, especially those related to capital, is still categorized as very low. Why is it that until now there are still so few groups of similar UMKM or SME groups with different types of business that are members of the cooperative organization. There are several factors that cause this to happen, namely: 1. Their lack of knowledge of the benefits of a cooperative and the benefits of being a member of a cooperative, this is due to, among other things, their

level of education which is still below high school 2. Their limited time to run an organization that involves a number of members, because their time is used up to manage their respective businesses, so there is no time to run a cooperative organization which is a collection of people who have the same type of business. 3. Their ignorance of how to run a cooperative institution properly, in order to develop and be able to attract new members to join 4. There is no mentoring program from the cooperative or higher education office for UKM players who are able to direct them to form a forum called a cooperative. Mobile Bank Capital The convenience factor provided by mobile banks is an attraction for some SME entrepreneurs to obtain loans from these institutions. In general, culinary

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raerquinreomtebnatnskaebqleuebsteecdaubsye financial institutions as conditions for applying for capital loans. Even so, not a few of them whose business activities are feasible enough to be financed, however, do not yet have several business legality requirements. The situation is even worse for micro business actors. In general, they are not only not bankable but also many of them who are not feasible to obtain credit from financial institutions. This has prompted some of them to take advantage of loans from moneylenders or from mobile banks that offer relatively high interest rates. The presence of formal financial institutions in the city of Surabaya that reaches almost all sub-districts is certain to have a positive impact in the form of changing people's views on non-formal financial institutions, which initially became the foundation for obtaining loans quickly. The results of interviews with culinary MSMEs in Surabaya show that most culinary MSMEs in Surabaya have not used Mobile Banks as their source of capital. This is due to the start of the socialization of formal financial institutions to culinary MSME players with much lower interest rates compared to mobile banks. Micro Finance Institution Seen from the perspective of culinary MSME capital, strengthening micro enterprises with the MFI's forum plays a role in two channels. First, micro enterprises can create job opportunities, this is because MFIs are relatively labor-intensive with small capital. Second, through the development of micro-businesses that are directly linked to the poor who have productive businesses. From interviews with culinary MSMEs in Surabaya, they started to become MFI customers because of the various forms of MFIs, and each MFI has different levels of development and maturity, which will have an impact on service to its target groups. But for many MSME actors, MFIs can provide financial services ideally, because MFIs have the following characteristics: 1. Simple credit procedure. 2.

Requirements are easy to fulfill. 3. The cost of obtaining credit is cheap, as well 4. The crediting is correct. CONCLUSION a. There are several options in fulfilling the sources of capital for culinary MSMEs in Surabaya. Of the several options, it can support the growth of MSMEs or become an obstacle to the growth of culinary MSMEs in Surabaya b. Knowledge of MSME actors is an important asset to determine the best source of capital Suggestion a. The large number of culinary MSME actors in Surabaya who make their business a source of income, so choosing a source of capital as a source of business funding requires carefulness and accuracy in decision making. In addition, the role of the government, both directly and indirectly, is demanded in developing formal financial institutions that are beneficial to both MSMEs and the financial institutions themselves. b. Because capital is an important factor influencing the income growth of MSME actors, MSME players must pay attention to the financial system and conduct audits on a continual and consistent basis, so that the use of capital for business operations can be seen clearly, more effectively and efficiently, so that MSMEs can continue developing. REFERENCES 1. Ambadar, J., Abidin, M., & Isa, Y. (2010). Membentuk Karakter Pengusaha. Jakarta Selatan: Kaifa. 2. Amirullah.

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