

Sources of Capital for Traditional Market Traders in Pertamina Market: Analysis of Financing Strategies and Business Capital Management

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Abstract

This research aims to determine the sources of capital for traditional market traders in Pertamina Market and delve into financing strategies and business capital management with the aim of understanding the crucial role of capital sources in supporting the business continuity of traders and identifying effective and efficient financial management practices. A qualitative descriptive method is used in this study by collecting data through focused and in-depth interviews with Pertamina Market traders. The research was conducted at Pertamina Market, Tamalanrea Village, Bontotiro District, Bulukumba Regency which was conducted on July 4-11, 2024 by interviewing 7 Pertamina Market traders in accordance with the business fields in Pertamina Market to listen directly to traders' views, experiences, and preferences regarding their sources of capital. Research that has been conducted shows that traditional market traders in Pertamina Market take advantage of various sources of capital, such as personal funds, bank loans, and assistance from family or friends. They showed foresight in financing strategies and adaptability in managing business finances. Diversifying capital sources and awareness of the importance of capital management help traders reduce risk, increase financial flexibility, and achieve long-term success.

Keywords: Capital, Financing Strategy, Management.

INTRODUCTION

Markets play a crucial role in encouraging economic growth, including traditional markets. The existence of traditional markets not only has an impact on local economic aspects, but also on the identity and cultural sustainability of a region. Traditional market traders are often guardians of local wisdom and cultural heritage by selling traditional

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products and maintaining the sustainability of traditional practices. This strengthens the sense of community and supports the preservation of local cultural heritage.

In the context of economic growth, traditional markets also have an important role in creating jobs and supporting micro and small entrepreneurs. By strengthening traditional markets, local communities can earn income, while the diversity of products offered can enrich consumer choices and strengthen the local economy as a whole.

As the core of economic and social activities, traditional markets play an irreplaceable role in connecting communities with local products, strengthening cultural identity, and supporting regional economic growth. By understanding the role and value of traditional markets, it can be understood how important it is to maintain and develop traditional markets as an integral part of the lives of local communities (Vohra & Dhillon, 2014).

In the context of traditional markets, capital sources have a crucial role in supporting the sustainability and growth of the market. With sufficient access to capital, traditional market traders can improve product quality, expand market reach, and increase the competitiveness of their businesses. Sufficient capital sources allow traders to invest in market infrastructure, improve their stalls or stalls, and develop their businesses sustainably.

In addition, capital sources can also be used to support innovation in products and services offered in traditional markets. With adequate capital, traders can face emerging economic challenges, such as competition from modern or online markets, and develop effective marketing strategies to reach new customers (Alleyne et al., 2018). Thus, capital sources are a key factor in the success of traditional markets in maintaining their existence, strengthening local cultural identity, and supporting regional economic growth.

Through wise and strategic management of capital sources, traditional markets can continue to serve as important centers of economic and social activity for local communities (Dwangu & Mahlangu, 2021). Governments, financial institutions, and other stakeholders need to pay attention to the importance of capital sources for traditional markets and provide the necessary support to ensure the continuity and growth of traditional markets as an integral part of local people's lives.

Adequate capital sources allow traditional market traders to expand their businesses, improve products and services, and reach a wider market. With adequate access to capital, traders can expand their businesses, create jobs, and contribute significantly to the local economy (Charina et al., 2020).



Capital sources also play an important role in improving the competitiveness of traditional markets. With sufficient capital, traders can innovate, improve operational efficiency, and face emerging economic challenges. Investments in market infrastructure, merchant skill development, and product diversification can also be made with the support of adequate capital sources (Ahmed & Mwangi, 2022).

Therefore, it is important for governments, financial institutions, and other stakeholders to pay attention to the importance of capital sources for traditional markets. Encouraging wider access to business loans, providing financial training to traders, and creating financial support programs tailored to the needs of traditional markets are key steps in ensuring sustainable economic growth through traditional markets. By focusing on capital sources, traditional markets can continue to grow and provide significant economic benefits to society and the country as a whole.

In this case, the researcher conducted further research on the capital sources of traditional market traders in Pertamina Market to explore financing strategies and business capital management with the aim of understanding the crucial role of capital sources in supporting the business sustainability of traders and identifying effective and efficient financial management practices. With a focus on the sources of capital available to traders, this research will provide in-depth insights into how traders acquire capital to grow their businesses, as well as how they manage that capital in order to strengthen their businesses in a competitive market.

RESEARCH METHODOLOGY

This study uses a qualitative descriptive method to understand the source of capital for traditional market traders in Pertamina Market, as well as the financing and business capital management strategies they implement. The qualitative approach was chosen because it allows researchers to delve into a deep and contextual understanding of the experiences and perspectives of traders (Hair & Sarstedt, 2021). The descriptive method is used to describe in detail the phenomenon studied, namely the source of capital, financing strategies, and business capital management of traditional market traders in Pertamina Market.

Data analysis was carried out by collecting data through focused and in-depth interviews with Pertamina Market traders. The research was conducted at Pertamina Market, Tamalanrea Village, Bontotiro District, Bulukumba Regency which was conducted on July 4-11, 2024. This research was conducted by interviewing 7 Pertamina Market traders in accordance with the business fields in Pertamina Market as

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respondents to listen directly to traders' views, experiences, and preferences regarding their sources of capital. In-depth interviews were chosen because they allowed researchers to dig into more detailed and in-depth information about the sources of capital, financing strategies, and business capital management they used. Interviews are conducted using semi-structured interview guidelines, which allow researchers to ask basic questions that have been prepared, but remain flexible to ask additional questions based on respondents' answers.

The data obtained from the interviews were analyzed using thematic analysis techniques. This technique involves the process of identifying the main themes that emerge from the interview data. These themes are then encoded and grouped to find patterns and relationships from the study (López Salazar et al., 2011). Through a qualitative approach and data collection through interviews, it is hoped that the researcher can provide a comprehensive and in-depth picture of the capital source preferences of traditional market traders in Pertamina Market.

RESULTS AND DISCUSSION

Results

In this study, the researcher determined the use of 7 informants who are traders who have traded in Pertamina Market as a source of information to answer the formulation of the research problem. These informants have in-depth knowledge of trading in the Pertamina Market, including the sources of capital used by traders. Thus, these informants are expected to be able to provide relevant and useful information in supporting this research. The list of informants can be seen in Table 1 below:

Table 1. List of Informants of Pertamina Market Traders

No.	Informant's Name	Age	Type of Business
1	Fatmawati	50 Years	Grocery Traders
2	Nurmi	39 Years	Home Furnishings Merchant
3	Kamaluddin	54 Years	Fish Merchant
4	Firda	28 Years	Vegetable Vendor
5	Basri	47 Years	Egg Trader
6	Warsidah	56 Years	Clothing Merchant
7	Anonymous	55 Years	Snack Vendor

Source: Field data, 2024



Information obtained by the researcher through interviews found that the source of capital for Pertamina Market traders came from personal funds, loans from financial institutions, and loans from family or friends.

The source of capital chosen by traders has a significant impact on the success of their business. Personal funds generally provide greater freedom and control, while bank loans carry certain risks related to interest payments. It is important to pay attention to how the chosen source of capital affects business growth and financial sustainability.

DISCUSSION

Sources of Capital for Traditional Market Traders

Traditional market traders in Pertamina Market rely on various sources of capital to support their businesses. From personal funds to bank loans and capital from previous ventures, every trader has a unique approach to obtaining initial capital. These diverse sources of capital reflect the prudence and creativity of traders in managing their business finances.

The following is explained the source of traders' capital from the results of the interview:

Fatmawati revealed that she used personal funds from her savings from her previous job as the initial capital for her basic food business. This approach shows prudence and independence in managing capital.

"I use my own money from saving and with that I can make a business in the market by selling basic necessities."

The same thing was conveyed by Basri, Warsidah, and Rosma. Basri used the capital from his previous business as a shoe seller to start his egg business. This approach reflects previous experience that can be leveraged to start a new venture.

"I used to sell shoes at the market as well, but because I wanted to create a new business, I moved to sell eggs and the eggs were from my own laying hens."

Warsidah uses personal funds from her main job as a village apparatus as the main source of capital for the clothing business. This decision demonstrates skills in allocating existing resources.

"The capital I use is my own money and I sell it besides I work at the village office."

Rosma said that she started selling snacks at the market from her personal funds, which shows her independence and commitment in managing a business with limited capital.

"I use my savings to sell in the market."



In addition to personal funds, traders also use business capital from bank loans. As said by Nurmi and Kamaluddin. Nurmi explained that she chose a bank loan to expand her collection of household furniture. This decision shows a smart strategy in utilizing external capital sources.

"I borrowed money from BRI to give my business breadth, because apart from this market, I also sell at the Batang Market and I rent a lot, so I have to provide a lot of furniture."

Kamaludin stated that he used the loan as capital to buy fresh fish. This approach shows courage in taking risks for business growth.

"I sell the capital fish from borrowing money at the bank and even though the price sometimes goes up and sometimes down, I can pay off the loan."

Another source of capital is family or friend loans. This was revealed by Firda that she obtained her business capital from a family loan, showing the importance of support and trust in starting or developing a business.

From the results of interviews with sources, it can be seen that the diversity of capital sources used by traditional market traders in Pertamina Market.

Analysis of Financing Strategy

The financing strategies applied by traders are very diverse and depend on the source of capital they have. From disciplined management of personal funds to the selection of loans that suit the needs of the business, traders tailor their financing strategies to their individual financial situations. Diversification of capital sources has also become a common practice to reduce risk and increase financial flexibility.

Based on the results of the financing strategy interview, it includes:

a. Personal Fund Management:

Fatmawati explained that she tends to be careful in managing her business finances by focusing on spending efficiency and quick return on investment. This approach shows discipline and prudence in the management of personal funds as a source of capital.

"I often manage my finances carefully, so that there are not many expenses and the capital returns quickly. I don't want to take unnecessary risks."

b. Selection of Suitable Loans:

Nurmi considers the interest rate, term, and ability to repay the loan smoothly in choosing a bank loan. This decision shows awareness of financial factors that can affect business sustainability.



"I choose to borrow at a bank with low interest, it can be repaid in a period of time that is not too fast and I can accept the repayment. Because if I borrow money automatically, my business will also be affected, so I choose carefully the bank that I want to lend."

c. Diversification of Capital Sources:

Kamaludin combines various sources of capital to reduce financial risk and increase flexibility in the management of his business capital. This approach demonstrates wisdom in utilizing diverse sources of capital to maintain financial stability.

"I don't have a single source of capital, but I also use my own money and bank loans. So, I don't think much about how much money I want to pay because I don't borrow much at the bank, so my finances are stable."

From the results of interviews with traders, it can be seen that the financing strategy implemented reflects intelligence and adaptability in managing business finances. Each trader has an approach tailored to their needs and financial situation, which demonstrates awareness and skills in choosing the right source of capital and managing financing effectively. Diversification of capital sources is also a common practice that helps traders reduce risks and increase financial flexibility in running their businesses in the Pertamina Market, reflecting prudence, creativity, and independence in managing business finances. Each trader has a unique approach according to their situation and needs, which shows the intelligence and strategies applied in acquiring initial capital for their ventures

Business Capital Management

In effective business capital management for traders in Pertamina Market, information obtained from interviewees provides a more detailed and in-depth picture of the practices and strategies used. The following is a further and complete explanation based on the results of interviews with interviews:

1. Proper Financial Records:

Fatmawati explained how important it is to keep proper financial records to monitor daily cash flow, identify areas of costs that can be optimized, and make decisions based on accurate data. Neat records also help in evaluating business performance periodically and making necessary changes. This can be seen from the following interview results.



"Since I started building this business, I have made a cash book to write income and expenses as well as record the cash, so that there is no loss and can be paid off immediately every time I want to take goods for sale."

2. Good Financial Planning:

Nurmi shared about a good financial planning strategy that involves setting short-term and long-term financial targets, smart capital allocation, and measurable spending. Careful planning helps traders to anticipate market changes, face financial challenges, and identify growth opportunities. Here are the expressions.

"I started a business and already planned to share income for debt payments and the need for a house and capital to buy more furniture. Because if you sell furniture, the price sometimes goes up and down, but if this business is fixed and does not go up, it is safe for me to sell."

3. Effective Cost Control:

Kamaludin emphasized the importance of effective operational cost control to maintain business profitability. By carefully identifying and managing costs, traders can ensure that each expense provides significant added value to their business. Here is the full expression.

"I am careful to spend money. I think it's best to keep my expenses balanced and more of my income than expenses."

4. Awareness and Skills in Capital Management:

"I know it's important to learn and improve financial skills. In addition, because I am also a BRILink agent, I can learn finance from there because many friends learn and know that the risks that occur are well managed."

From the above expression, Basri shows a high awareness of the importance of capital management and financial skill development. With this awareness, traders can continue to learn and improve their ability to analyze finances, make sound investment decisions, and manage financial risks wisely.

From the results of interviews with interviewees, awareness and skills in business capital management play a key role in helping traders avoid financial instability and steer their businesses towards long-term success. With the right practices, traders can optimize their business performance, achieve sustainable growth, and build a resilient and sustainable business in the Pertamina Market



CONCLUSION

Based on the research that has been conducted, it has been shown that traditional market traders in Pertamina Market take advantage of various sources of capital, such as personal funds, bank loans, and assistance from family or friends. They showed foresight in financing strategies and adaptability in managing business finances. Diversifying capital sources and awareness of the importance of capital management help traders reduce risk, increase financial flexibility, and achieve long-term success. This emphasizes the importance of prudent financing strategies and effective capital management for traditional market traders in Pertamina Market. By implementing the right financing strategies and careful management of business capital, traders can achieve sustainable success and have a positive impact on the traditional market economy.

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