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WORKING CAPITAL EFFICIENCY AND ICT STRATEGY TOWARDS SME'S SUCCESS POST PANDEMIC

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ABSTRAK

Efisiensi atas sumber daya berkaitan erat dengan pengelolaan modal kerja perusahaan. UKM harus mampu melakukan pengembangan dalam kegiatan operasional sehari-harinya, yang dikombinasikan dengan pengalaman kerja mereka untuk mendukung pemenuhan tujuan dan sasaran yang telah ditetapkan dalam perencanaannya dimana penggunaan TIK menjadi prioritas untuk dapat bertahan. Penelitian ini bertujuan untuk mengidentifikasi strategi efisiensi modal kerja yang diperlukan untuk merespon dampak pandemi yang sedang berlangsung terhadap UKM di Kota Batu dengan mengimplementasikan TIK untuk meningkatkan kinerjanya. Penelitian ini dilakukan dengan menggunakan pendekatan penelitian kuantitatif. Sampel yang digunakan dalam penelitian ini adalah 100 orang responden UMKM di Kota Batu. Penelitian ini menghasilkan beberapa kesimpulan antara lain cash management berpengaruh secara signifikan dan positif terhadap continuance intention. Receivable management, inventory management berpengaruh secara signifikan dan positif terhadap kesuksesan UMKM. Implementasi ICT terbukti mampu memperkuat hubungan antara receivable management terhadap kesuksesan UMKM serta implememtasi ICT yang terbukti mampu memperkuat hubungan inventory management terhadap kesuksesan UMKM.

Kata kunci: efisiensi modal kerja, implementasi ict, kesuksesan UMKM.

ABSTRACT

Resource efficiency is closely related to working capital management. Combined with professional experience, a small business must be able to develop daily activities that support the achievement of the goals and objectives set in the plan. For survival, the use of ICT becomes a priority. This study aims to identify working capital efficiency improvement strategies needed to respond to the impact of the ongoing pandemic on SMEs by leveraging ICT to improve the performance of SMEs in Batu City. This research using a quantitative research approach. The sample of respondents in this study was 100 SME's in Batu City. This study produced several conclusions, including cash management which has a significant and positive effect on continuance intention. Receivable management, inventory management has a significant and positive effect on the success of MSMEs. ICT Implementation is proven to be able to strengthen the relationship between receivable management and the success of SME's and ICT Implementation is proven to be able to strengthen the relationship between inventory management and the success of SME's.

Key words: working capital efficiency, ict implementation, SME's success.

INTRODUCTION

Covid 19 has been declared a public health emergency and has received international attention. Governments around the world are taking steps to provide fiscal support at the macro level during the COVID-19 pandemic to prevent an economic meltdown that will drastically affect social, economic, and human health (Kuckertz et al., 2020). In the economic field, the pandemic caused a global economic contraction that hit not only the demand side but also the supply side of the economy. The Covid pandemic has had a significant impact on society, the economy, and SMEs, causing supply chain disruptions to occur globally, and if a significant disruption occurs, SME businesses are adversely affected even though they are not directly affected by the disaster (Bartik et al., 2020). The main victims of the Covid-19 epidemic are micro, small and medium-sized enterprises (SMEs). Small and medium enterprises compared to large companies do not have enough resources, especially finance and management. Small and medium-sized enterprises are the backbone of the economy, generating income and creating jobs. Small and medium-sized enterprises are characterized by exceptional business flexibility, small production volumes and simple organizational structures. (Lazarević-Moravčević, 2019).

Miklian and Hoelscher (2022) points out that SMEs are generally more vulnerable during crises due to demand shocks, declining sales, declining exports, rising input costs, and bad loans. The impact of the economic crisis on companies is very large, but it is not evenly distributed between companies. SMEs, in general, are more vulnerable to crises due to many factors. Their greater dependence on (fewer) customers and suppliers can lead to increased difficulty in sustaining their activities in the face of crises (Bourletidis and Triantafyllopoulos, 2014). Research by (Robinson and Kengatharan, 2020) finds that the resilience of SMEs is entirely dependent on the great efforts of policymakers, SME operators, and governments.

An ancient Chinese proverb says that a crisis can be seen as a threat or an opportunity. Entrepreneurs who change business strategies quickly and appropriately are those who can maintain and improve their performance in times of crisis. There are also several SMEs that have succeeded in taking advantage of the economic crisis by taking advantage of the crisis as an opportunity (Bourletidis and Triantafyllopoulos, 2014).

The pandemic has made various financial and economic experts focus on the financial implications caused by the pandemic (Hamshari et al., 2022). Making choices about plans in managing working capital is one of the best methods to get out of financial difficulties during a crisis (Pavlicko et al., 2021). Another important factor to consider during the Covid-19 pandemic is resource efficiency. The efficiency of resource use is closely related to the management of working capital. Working capital plays three roles as the lifeblood of the company, as a business continuity function and as aspect of financial management (Prajawati et al., 2022).

In running a business, companies need strategies to be able to manage working capital used to pay off short-term debt and operational costs. Working capital management is a technique for increasing profitability (Wang et al., 2021). This is relevant to the post-pandemic crisis, because the slightest mistake in managing working capital management will result in a company losing cash (Byrnes et al., 2022). Companies are currently experiencing and overcoming significant constraints on both cash and working capital including challenges to liquidity. Working capital is a major determinant of the survival and growth of a company. Working capital management has significant value for MSMEs as it relates to operational efficiency and increased sales and helps strengthen long-term relationships with customers (Adewumi, 2020).

Working capital management is related to the risk of a company's inability to meet short term obligations and avoid excessive asset investment. One indicator of business success is seen in the effective management of inventory, receivables and payables. Sustainable working capital management can help companies balance risk and efficiency. The sustainability of a company cannot be ensured even if the company generates profits unless accompanied by the company's ability to fulfill its short-term obligations (Adewumi, 2020). The three main focuses in corporate finance are the focus on decision-making processes related to capital structure decisions, capital budgeting decisions and working capital management.

Working capital management can be said to be a force capable of giving life to every economic unit and the most important corporate management function. Working capital is not only able to influence profit-making organizations but also non-profit organizations. Working capital will be related to maintaining company liquidity, survival, solvency and profitability. Therefore, the importance of working capital management cannot be avoided, especially during a post-pandemic crisis like today. Even though working capital is described as the difference between current assets and current liabilities, its continuous operation will make a company increase its efficiency.

The pandemic crisis has forced SMEs to find the right commercial formula to support their activities. The digitalization of SMEs can affect the performance of SMEs. To be able to revive conditions, mitigation and recovery solutions are needed. One of the short-term priority mitigation measures can be done by encouraging digital platforms by utilizing innovation and technology. The adoption and use of ICT can bring benefits in terms of efficiency, effectiveness, innovation, growth, and competitive advantage. Digital technology is a key driver of small enterprise performance. ICT facilitates increased access to information, employee collaboration, product quality, and task efficiency. ICT adoption is critical for competitiveness, growth and survival (Özşahin et al., 2022).

SMEs must be able to develop their daily operations in such a way that, combin ed with professional of the objectives set out in their plans, with the use of ICT being essential for survival (Nuamah-Gyambrah et al., 2016). SMEs should always exercise on the use and management of these important technological tools, so that they are ready to be used properly, making the best use of ICTs for the greatest benefit to the organization. Likewise, the adoption and implementation of ICT must also be based on the type and characteristics of the company, so that its utilization and exploitation will be optimal, effective and efficient. The benefits that SMEs can derive from ICT adoption and implementation are cost reduction, speed of information management, reliability of information between customers and suppliers, efficiency in the coordination of business operations and identification of new ones business opportunities. Therefore, the use of appropriate technology, such as the Internet, supports all activities that are essential for organizational growth and vital tools (Hanadi and Aruna, 2013).

ICTs have become a fundamental tool to not only achieve higher growth rates in SMEs but also their own survival. Therefore, the adoption and implementation of ICT show a close relationship with the growth of SMEs. ICT plays a major role in the innovation performance of SMEs (Valdez-Juárez et al., 2018). Therefore, providing optimal service and maintaining long-term relationships with customers are the main keys to maintaining sales transactions. Strengthening customer relationships can help SMEs to maintain their performance (Utomo et al., 2021). Another important factor to consider during the Covid-19 pandemic is resource efficiency. The efficiency of resource use is closely related to the management of working capital. Working capital plays three roles, each of which the lifehood of the company, one of the company's sustainability functions, and an aspect of financial management. Companies that manage their working capital very effectively have a lower risk of liquidity problems. Working capital management that leads to efficiency is the key to successful performance (Egide et al., 2016).

This research was conducted as an effort to comprehensively reveal the existence of entrepreneurs. Their existence will be revealed through the observed meaning of their internal and external conditions in some of their activities so that it is expected to obtain a clearer and in-depth description. Entrepreneurial success must be seen as a life mission that needs to be reviewed. The success steps are as important as indicating entrepreneurial success. This study is important because its findings could lead to much more than just an examination of the key factors that lead to entrepreneurs, and a more comprehensive theory of entrepreneurship in the future research and how that success continues could be in the future.

The purpose of this study is to identify the working capital efficiency improvement strategy required to addres the impact of the ongoing pandemic on SMEs in Batu City through the implementation of ICT to improve their performance. In particular, this study highlights the importance of paying more attention to the risks that the uncertainty of the external environment poses to SMEs and helping them to anticipate risks and identify counter measures in the first stages of the decision-making business planning process. Batu city has implemented large-scale social distancing measures to predict and limit the spread of the coronavirus. This social distancing has a significant impact on SMEs in Batu City. Given this background, this study attempted to examine the impact of working capital efficiency strategies on the performance of SMEs in Batu City in maintaining their performance through ICT implementation.

THEORETICAL REVIEW

Working Capital

Every business needs working capital to meet the costs associated with its daily operations. Working capital is a company's investment in current assets (Zimon, 2021). Baños-Caballero et al. (2014) reveals the non-linear relationship between working capital and firm performance, implying the optimal level of working capital investment that is capable of maximizing firm profits by financial managers by how to manage and optimize their working capital levels. Working capital management has a positive relationship with SME profitability. Effective working capital management in a business can be seen from a number of metrics including cash flow management, accounts receivable management, and inventory management (Mazanec, 2022).

To ensure business continuity during the economic crisis, companies are looking to optimize their liquidity and working capital management processes (Struwig and Watson, 2021; Prajawati et al., 2022). Cash management is often referred to as cash turnover. Companies with short cash conversion cycles indicate that the company can collect its receivables quickly and pay suppliers more slowly while maintaining the company's credibility (Baños-Caballero et al., 2014). Receivables arise from credit sales of goods and services. The higher the receivables turnover indicates the cash inflow to the company is running smoothly (Lazarević-Moravčević, 2019). Inventories are goods purchased with the aim of resale for a profit. The company's inventory should not be too little and not too much. Keeping inventory at a high level will reduce losses due to cessation of operations and loss of business due to product unavailability. Working capital management is very important in any company regardless of the type of industry and its size. Zakari and Saidu (2016) found that short cash conversion cycles are more profitable and have a significant effect on the success of SMEs as assessed by profitability.

The goal of every business is success and business success. Success in entrepreneurship is a concept that does not have a clear definition, but there is consensus that society benefits from successful startups. Business success metrics can help identify current and future successful businesses and improve public policies that get success rates right the first time (Zhao et al., 2010). The economic literature shows that financial measures of profitability are important in assessing business success (Gupta and Mirchandani, 2018). This research was conducted as an effort to comprehensively reveal the existence of entrepreneurs. Their existence will be revealed through the observed meaning of their internal and external conditions in some of their activities so that it is expected to obtain a clearer and deeper description. Entrepreneurial success must be seen as a life mission that needs to be reviewed. Success steps are as important as showing entrepreneurial success. This research is important because these findings could lead to more than exploring the key factors that lead to business success, what it means for successful women entrepreneurs, as well as a more comprehensive theory about entrepreneurship in future research and how this success can last into the future

Information Communication and Technology (ICT) and Entrepreneurship

Currently, communication technology has provided many conveniences in human life. In the field of business and trade, many consumers and producers have taken advantage of ICT. SMEs should use ICT because it provides many benefits at various levels operational level, tactical level and strategic level. The use of ICT in small and medium-sized enterprises can improve communication, data sharing capabilities, teamwork, customer relationships, service visibility, market share, competitive advantage, and more. This statement is based on the fact that ICT has enabled businesses to acquire, process, collect and exchange information. Furthermore, in the context of knowledge management, ICT can support the transformation between tacit and explicit knowledge. Successful knowledge management initiatives can transform a small business's ability to innovate into sustained higher performance.

Research hypothesis

Conceptual framework in this research can be seen in figure 1.

Cash is the most liquid element of working capital and can be used to purchase needed goods and services. A company's cash balance can be related to sales, which indicates its cash turnover ratio. The cash envelope indicates the degree of efficiency with which cash is used. Efficient use of cash gives companies the opportunity to make greater investments in fixed assets that increase profits (Iftikhar, 2013). As sales increase, a company's profitability also increases. However, excessive cash turnover can lead to a company's liquidity bottleneck (Eryatna et al., 2021). If a company is short on cash, it can replenish its liquidity by paying off debt. However, debt comes with interest, and interest debt can later reduce a company's profitability (Holmström, 2014). Receivables arise as a result of credit sales made by a company. Receivables are an effort to retain existing customers and to attract new customers so as to increase sales. The greater the volume of credit sales, the greater the investment in receivables (Oktavia and Indrati, 2021).

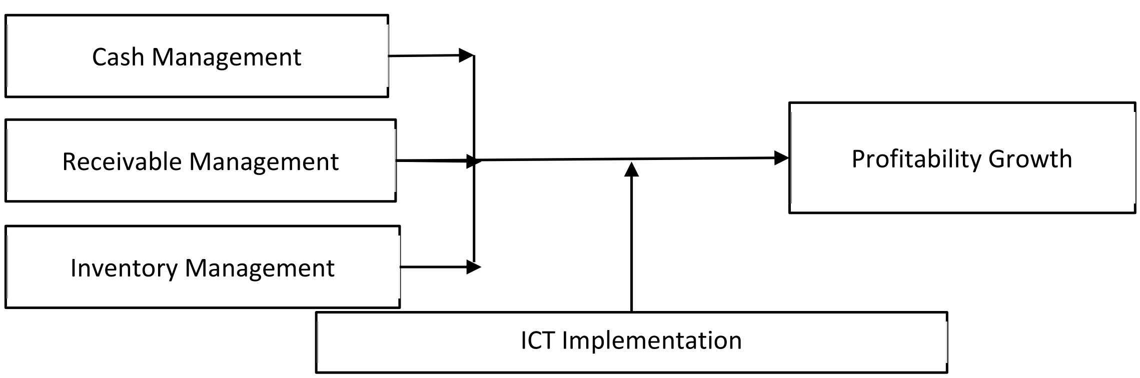

Figure 1
Conceptual Framework

Source: Researcer, 2023

With increasing sales, it can increase the company's profitability (Tarigan et al., 2020). High accounts receivable turnover indicates that uncollectible receivables are getting smaller, so the cost of receivables is also small. For example, fees for credit analysis and collection of accounts receivable and the possibility of bad debts. This can increase the profitability of the company. However, accounts receivable turnover that is too high indicates that the funds embedded in receivables are too small, which means that the volume of credit sales is also too small, so that it can reduce the company's profitability. This is in accordance with research conducted (Wicaksono and Puspita, 2020). Inventories are also a very important part of working capital as they are used to speed up production activities and meet market demand. Like accounts receivable, inventory levels also depend heavily on sales. Inventory turnover shows the effectiveness of inventory management (Ganas and Hyz, 2015). Large inventories allow businesses to respond to sudden market demands and can minimize the risks and costs that businesses incur.

Such as the risk of inventory damage where this risk can reduce the selling price of an item so that it can reduce profitability. In addition, with a large inventory, the company will also bear relatively large storage costs, which will reduce the company's profitability. However, if the inventory turnover is too high, it means that the inventory owned by small companies can cause a shortage of inventory so that the company cannot meet market demand. Based on theoretical studies, a hypothesis can be drawn as follows. Based on the picture above, a hypothesis can be drawn as follows:

H_1: cash management in working capital management has a positive effect on SME's success during the pandemic

H_2: receivable management in working capital management has a positive effect on SME's success during the pandemic

H_3: inventory management in working capital management has a positive effect on SME's success during the pandemic

H_4: ICT implementation significantly strengthens the influence of cash management on SME's success during the pandemic

H_5: ICT implementation and significantly strengthen the influence of credit management on SME's success during the pandemic

H_6: ICT implementation significantly strengthens the influence of inventory management on SME's success during the pandemic.

Variable (the dependent variable) is 86.2 percent while the remaining 13.8 percent is explained by other variables in beyond the 2 independent variables included in the model.

RESEARCH METHOD

The research was conducted on SMEs in Batu City. The population in this study consisted of SMEs in Batu City which was spread out in the culinary business sector, fashion business, souvenir business, agribusiness business, tour and travel business, creative product business, event organizer business and children's needs business. The number of SMEs in this sector is 4,570 businesses. In this study, the researcher narrowed the population by calculating the sample size using the Slovin technique. The total population in this study was 4,570 businesses, so the percentage of allowance used was 10% and the calculation results could be rounded up to achieve conformity. So to find out the research sample, with the following calculations:

$$n = \frac{N}{1+N\ (e)^2}$$

$$n = \frac{4.570}{1+4.570(0,1)^2}$$

$$= \frac{4.570}{46,6}$$

= 98,06; adjusted by the researcher to 100 respondents.

Based on the above calculations, the sample of respondents in this study was 100 people.

Table 1
Variable Operational Definitions

Variable	Indicator	Reference
Cash management	- cash balance - cash collection - delay payment of liabilities - cash budget and forecast - petty cashbook	Jamil et al. (2015); Kiprotich et al. (2015); Oluoch (2016); Utomo et al. (2021)
Receivable management	- Strict receivable policy - longer receivable period	Jamil et al. (2015); Kiprotich et al. (2015); Oluoch (2016); Utomo et al. (2021)
Inventory management	- optimum inventory level - various stock level - orders economic quantities - stock turnover keep stock records	Jamil et al. (2015); Kiprotich et al. (2015); Oluoch (2016); Utomo et al. (2021); Perez and Canino (2009)
SMEs success	- Profitability - Sales	McMullen and Shepherd (2006); Gupta and Mirchandani (2018); Juhdi and Juhdi (2013)
ICT Implementation	- Internet connection - Web page - Email - Electronic purchases - Digital marketing	Guzman et al. (2022); Olatunji (2015)

Source: Researcer, 2023

Table 2
Coefficient of Determination Test Results
Model Summary

Model	R	R *Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	.930a	.866	.862	.26873

a. Predictors: (Constant), Inventory management, Receivable management, Cash management
Source: Researcer, 2023

Data collection in this study was carried out using the following methods: (1) observation, (2) interviews, (3) documentation, and (4) audio and visual materials. The next data analysis method used in this research is the Moderated Regression Analysis (MRA) method. This research uses three variables. The independent variables consist of cash management, receivables management and inventory management. The dependent variable is the SMEs success, as well as the moderating variable for the use of ICT.

Variable operational definitions can be seen in table 1.

ANALYSIS AND DISCUSSION

Hypothesis Testing

This statistical test is used to prove whether the influence of the independent variable on the dependent variable is significant or not individually with a confidence level of 95 percent and an error rate of 5 percent. Below is the T test table 1.

Judging from the table 2, the Adjusted R Square value (coefficient of determination) shows a value of 0.862 meaning that the ability to explain the independent variable (independent variable) to the dependent variable (the dependent variable) is 86.2 percent while the remaining 13.8 percent is explained by other variables in beyond the 2 independent variables included in the model.

Hypothesis Test

Hypothesis testing is carried out using SPSS software to determine the influence of the independent variable on the dependent variable. Partial testing will be carried out using the t test. The t test is considered to have a significant impact if the significance value (sig) is less than 0.05. Below is a table 3 of research hypothesis testing.

Based on the table 3 of data analysis results above, it can be concluded that:

The cash management variable has a significant and positive effect on Continuance Intention. This can be seen from the value of t count (10.793) > t table (2.365), the significance is less than 0.05 and the beta is positive, so partially the cash management variable (X1) has a positive and significant effect on the MSME success variable (Y). So that H1 in this study was accepted.

The receivable management variable has a significant and positive effect on the success of MSMEs. It can be seen from the value of t arithmetic (12.495) > t table (2.365), the significance is less than 0.05 and the beta is positive, then partially receivable management variable (X2) has a positive and significance effect on the success variable of MSMEs (Y). So that H2 in this study was accepted.

Inventory management variable, has a significant and positive effect on the success of MSMEs. It can be seen from the value of t count (11.861) > t table (2.365), the significance is less than 0.05 and the beta is positive, then the partially receivable management variable (X2) has a positive and significant effect on the success variable of MSMEs (Y). So that H3 in this study was accepted.

Table 3
Results of T-test (T-test)

Coefficients						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	-2.364	.598		-3.951	.000
	Cash management	.318	.029	.737	10.793	.000

a. Dependent Variable: SME success

Coefficients						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	.254	.309		.823	.413
	Receivable management	.521	.042	.784	12.495	.000

a. Dependent Variable: SME success

Coefficients						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	-2.790	.580		-4.807	.000
	Inventory management	.331	.028	.768	11.861	.000

Source: Researcer, 2023

Discussion

Cash Management in Working Capital Management Has a Positive Effect on SME's Success During The Pandemic

The success of any business venture is based on how management has planned and controlled its cash flow (John, 2014). Cash management assumes more importance than other current assets because cash is the most important asset owned by the company. Cash management is related to efficient cash management to achieve optimal cash levels in the company's working capital. Efficient cash management will result in business success especially SME cash flow management and recommend ways in which these SMEs can ensure efficient cash management processes (Oluoch, 2016).

The company's cash flow is a crucial factor that will improve the company's business operations. To achieve long-term success, MSMEs must really pay attention to their cash flow. Cash flow can be regarded as a measure to evaluate the stability, strength and ability of a company in the future to generate cash flow. A business must have sufficient cash to pay for operations, liabilities and borrowed funds as well as for investments. Having cash is an important requirement for a business. Cash flow is the net amount of cash and cash equivalents coming into and going out of the business. Sufficiently considered the inflows and outflows of cash and cash equivalents. Cash is called cash in the bank and is the most liquid in business transactions.

Good cash flow management will help SMEs maintain an optimal cash balance, which is neither too much nor too little. This will minimize positive items and maximize negative items that will affect the cash cycle. Cash flow management will assist SMEs in finding potential cash flow gaps, serve as a reference for seeking funds from bankers, and increase bankers' confidence in the effectiveness of SMEs. Cash flow is an important measure used by investors to evaluate a company because it focuses on actual operations and eliminates one-time costs and non-cash costs and provides a clear picture of what the company does.

Oluoch (2016) stated that an efficient cash flow management system plays a key role for SMEs in increasing profits. Cash management includes planning and controlling cash flows in and out of the business, cash flows in the business, and cash balances held by the business at a point in time. Cash management is more important than other short-term assets because cash is the most important. The shorter the cash conversion cycle, the company's profitability will increase because the company can generate internal funding which can reduce dependence on external funding (Baños-Caballero et al., 2014).

Pandey (2020) shows that cash flow management is significant to business profitability. Without sufficient cash flow, a company can technically go bankrupt even though it has enough assets to cover its debts. Although the company may generate reasonable profits, it may suffer from a cash shortage as it may print cash first due to growing needs. Therefore, managers should look for ways to increase cash inflows within the company and minimize cash outflows that lead to reduced operations. Expenditure, the excess cash can be managed into an investment portfolio. Most successful small businesses ensure that they maintain a healthy cash flow position for the business.

The research results are also in line with Mungal and Garbharran (2014) found a significant relationship between money management knowledge and cash flow management. Furthermore, there is a positive relationship between a firm's profitability and the implementation of cash management practices. Company management must ensure cash management practices in order to generate profitability, because cash management practices will help business owners to generate profitability. Good cash management implementation will ensure better financial risk control, increase opportunities to increase profits, strengthen the company's balance sheet, ensure increased trust in the company and improve operational efficiency.

Good cash flow management is very important because most failed SMEs fail because of poor cash flow management. Cash flow management is very important for business continuity, especially small businesses, and poor cash flow management can also lead to small business failure (Aren and Sibindi, 2014). This finding thus adds to the fact that cash flow is the lifeblood of all businesses and a leading indicator of business health.

Receivable Management in Working Capital Management Has a Positive Effect on SME's Success During The Pandemic

Receivable management in this study seeks to find indicators of optimal debtor levels and longer credit terms. The best indicator in terms of credit management is the optimal debtor level. This shows that the optimal debtor level has the most important role in establishing credit management. Based on data analysis and hypothesis testing that has been carried out in this study, it is known that credit management has proven to have a positive and significant effect on the success of MSMEs.

Receivables management is an important component in the company's management system (Sah, 2022). Management and financial management and other theoretical disciplines provide a wealth of knowledge and recommendations on how to manage a company's receivables (Kubíčková and Souček, 2014). The accounts receivable management area is an important part of the company's management system, on which the success of the company depends, whose importance has increased in difficult conditions due to reduced demand for products and services, lack of available funds and other phenomena accompanying the recession. Receivables management includes establishing credit and collection policies. These policies include credit terms, early payment discounts, credit criteria that determine who should be given credit, credit terms, and procedures that must be used to recover funds (Kontus, 2013).

Good accounts receivable management does not mean managing receivables only in situations of late payment or default to pay. This means the creation of an entire commercial relationship management system so as to maximally prevent the risk of delay or default along with cost optimization and the ability to pay one's own debts on time. Receivables arise as a result of credit sales made by a company (Mayasari and Andrian, 2016). Receivables are an effort to retain existing customers and to attract new customers so as to increase sales. The greater the volume of credit sales, the greater the investment in receivables. With increasing sales can increase the company's profitability.

High accounts receivable turnover indicates that uncollectible receivables are getting smaller, so the cost of receivables is also small (Rusdiyanto et al., 2020). However, accounts receivable turnover that is too high indicates that the funds embedded in receivables are too small, which means that the volume of credit sales is also too small, so that it can reduce the company's profitability.

Receivables management directly impacts the company's profitability (Kakeeto et al., 2016; Mutiso and Mwangi, 2019). In accounts receivable management, a financial manager must consider that there is an opportunity cost associated with holding an accounts receivable balance. Because the credit terms offered have a direct effect on the associated costs and revenue generated from the receivables, increased sales and higher investment in receivables can increase revenue and profits (Kontus, 2013).

Research by Kakeeto et al. (2017) revealed that the management of receivables has a positive effect on organizational profitability. The study found that most sales were made on credit to foreign customers and sometimes paid suppliers before delivery of goods. This gives rise to effective accounts receivable management to maintain good profitability. In terms of accounts receivable turnover, The debtor usually pays within three months, after which the company manages to increase sales, which leads to increased profitability.

One of the objectives of starting a business is to maximize profits so that sales increase the profitability of the business (Mutiso and Mwangi, 2019). Although selling for cash is the best way to increase cash inflow, in some cases businesses need to sell on credit, commonly referred to as trade credit. A prerequisite for credit sales is effective receivables management and the company's ability to collect loans. Otherwise, the company's liquidity and survival will be compromised. (Ifurueze, 2013; Anwar, 2018). Most businesses sell on credit or cashDespite an organization's best efforts to conduct effective credit reporting, credit problems are difficult to avoid.

Accounts receivable is generated whenever a business decides to sell on credit to a customer. Debt service is critical to a company's liquidity position. Before a debt needs to be paid, it is important that the debtor and creditor agree on how the debt will be paid. When managing accounts receivable, it is very important to ensure that credit sales are repaid within the agreed deadlines and, above all, with minimal administrative effort on the part of the company (Ifurueze, 2013). Depending on the specific industry and customer type, companies may need to consider credit sales. There are things to be careful about when managing accounts receivable such as customer creditworthiness, debt monitoring, sanctions plans for defaulters, bad credit policies and the possibility of factoring.

Accounts receivable from business organizations are created in two main ways (Kakeeto et al., 2016; Ugwudioha and Onmonya, 2022). On the one hand, companies can make prepayments to ensuring timely delivery, especially when a supplier is in a monopoly position or there is a shortage of materials, or when a company wants to establish its own supply base, or for short-term financial and profitability reasons supplier for. On the other hand, we are also being charged by companies that sell their products on credit, which are popularly referred to as miscellaneous debtors. Trade credit influences seller and customer preferences.

Kakeeto et al. (2016) disclose if the accounts receivable management function is intended to establish credit terms, select creditworthy customers, install appropriate billing and monitoring systems, and finance receivables to maximize firm value. Companies invest in client financing For various reasons, their core business is not lending or providing financial services.

These reasons include gaining competetive advantage, redistribution where firms with better access to finance redistribute available capital to customers facing credit constraints, information asymmetry, and This includes that suppliers with close relationships have an advantage over financiers in terms of access to capital.

Among other things, it allows you to monitor your customers' orders and payments, giving you information about their creditworthiness. The benefit of this information reduces suppliers' credit risk and increases their willingness to lend to customers. Additionally, suppliers often provide financing because they want to maintain long-term business relationships with their customers (Kakeeto et al., 2017).

Receivables arise from credit sales of goods and services, the position of receivables in the balance sheet which is part of current assets greatly affects the position of assets, receivables that are due will be billed for cash. Longer payment terms can increase company profitability because delaying payments to suppliers will reduce transactional costs and exchange costs (Altaf and Shah, 2018). If the company implements a credit sales system, sales will increase so that profitability will increase as well. Sales on credit will be able to stimulate sales because customers can assess product quality before paying. Selling on credit can attract new customers and get large orders. The policy of collection of accounts receivable is very important in controlling the level of accounts receivable turnover within the company. The higher the turnover of receivables indicates the inflow of cash to the company runs smoothly. Inventories are goods purchased with the aim of reselling for a profit (Altaf and Shah, 2018). Inventory management is often referred to as inventory turnover. Inventory turnover is a way to measure the company's circulation of merchandise and shows the relationship between the items needed to support or offset a predetermined level of sales. If the supply is greater than the requirement, it can reduce profits, but if the supply is smaller than the need, it can reduce profits.

Receivables are part of the assets that need to be managed for use in the company's operating receivables activities. The term bill refers to any bill owed to another party resulting from the credit sale of goods or services, and includes any financial claim made to any other party, including an individual, business, or other organization. Receivables arise from credit sales of goods and services, the position of receivables in the balance sheet which is part of current assets greatly affects the position of assets, receivables that are due will be billed for cash. Receivables arise when companies sell goods and services on credit, receivables include all bills in the form of debt to individual business entities or other collectible parties, in this case the greater the receivables, the greater the need for funds invested in receivables and the greater the receivables, the greater risks that will arise, in addition to increasing profitability.

In addition to the large amount of receivables owned, the speed at which receivables turn into cash determines the size of a company's profitability. This shows that the company with all its policies on receivables will be able to increase revenue and profits because the risk of bad debt can be overcome so that the company's profitability will increase. Receivables are part of the assets that need to be managed for use in the company's operations.

To help and find out the efficiency of accounts receivable management, what needs to be considered is the level of company profitability, one of which is through the calculation of the return on assets ratio (Madishetti and Kibona, 2013) (Anggarini et al., 2022). Receivables arise due to the sale of goods or services on credit. This means the company has a right of claim against another person or company. The efficiency of accounts receivable management is indicated by the high rate of accounts receivable turnover. Receivables are one of the factors that affect net income. The higher the receivables turnover rate indicates a good net profit. The company's ability to generate profits through accounts receivable can be seen from its receivables turnover, if receivables turnover decreases it will affect the company's ability to return investments in receivables. When the company is unable to return the investment in receivables into cash, this shows that sales made on credit do not provide benefits for the company, so that the company's profitability will decrease. Receivable turnover shows how many times a company bills its receivables in a certain period. The policy in collecting receivables will relate to the level of accounts receivable turnover. The higher the accounts receivable turnover, it indicates that cash inflows to the company are running smoothly, then these funds can be used for other activities that can provide benefits for the company.

The use of effective and efficient accounts receivable management practices affects the company's performance (Duru et al., 2014; Obeidat and Jawabri, 2016) . This is further supported by Ruichao (2013) who argue that debt plays an important role in managing working capital because deferring bill payments is one of the tools for management to have access to cheap sources of financing. However, the high opportunity cost of maintaining accounts payable can hurt a business if an early payment discount is offered (Sah, 2022).

Receivables are an important asset in the company and can be a large part of the company's liquidity. The size of receivables is influenced by several factors. These factors include the following: 1) Volume of Credit Sales The greater the proportion of credit sales of total sales, the greater the amount of investment in receivables. With the increasing volume of credit sales each year that the company must provide an even greater investment in receivables. The larger the debt portfolio, the greater the risk, but also the greater the profitability. 2) Payment terms for credit sales Payment terms for credit sales may be strict or lenient. If a company has strict payment terms, it means that the company prioritizes the security of the loan over profitability considerations. Stringent requirements such as short payment periods and high interest rates for late payment of claims. 3) Credit limit regulations The Company may set limits on credit to customers for credit sales. The higher the limit set for each subscription, the higher the funds invested in accounts receivable. Conversely, if the maximum ceiling limit is lower, then the amount of receivables will be smaller.

Accounts receivable management is a key component of any company's working capital management (Adusei, 2017). Once a company extends credit to its customers, it must be aware of its exposure to risks such as bad debts. Cash flow is so important to the operation of a business that it can be termed as the engine that drives a business but delinquent accounts can act as the brakes that stop the engine that is cash flow. It is very important that receivables must be managed efficiently so that they do not hamper the company's business.

Inventory Management in Working Capital Management Affects SME's Success During The Pandemic

Inventory management has been proven to have a positive and significant effect on the success of MSMEs and a significant positive impact on the debtor turnover ratio on profitability. An increase in debtor turnover will increase the company's profitability Thus, efficient accounts receivable management increases profitability (Kakeeto et al., 2016).

The word inventory can be in the form of goods and services stored by the company (Sah and Furedi-Fulop, 2022). Inventories are an important component of current assets because they are liquid assets because they can be converted into cash easily. The company wants to maintain inventory at a level capable of maximizing profit, which is known as the optimal level. Companies can keep high raw material inventories in order to avoid supply-related delays that could affect production. So the company must have sufficient inventory to meet the unexpected increase in demand but the cost of holding this inventory must not exceed the profit.

Inventory management is the key to efficient business operations. Inventory can be categorized into raw materials, which are supplies purchased for use in the production process. Work in progress (representing partially completed products) and finished goods (representing inventory items) (Pandey, 2020). Companies can avoid excessive storage and ordering costs, companies must have optimal inventory levels that can maximize profits. To find the optimal level, managers must be able to find a balance between the costs and benefits associated with different inventory levels (Sah and Furedi-Fulop, 2022).

Successful inventory management is highly dependent on technical and managerial resources Mathias and Owuor (2015) found that good performance was positively related to the efficiency of inventory management, including inventory level tracking. The dangers of excess inventory are that holding costs become too high and the company's profitability declines, and that insufficient inventory causes problems in the company's operations. Maintaining optimal inventory levels reduces shipping costs and protects against price fluctuations, while reducing the cost of potential business interruption and business loss due to product shortages. Inventory quantities vary depending on industry base and type of product offered Lazarević-Moravčević (2019) that managers can create profits or their company by properly handling cash conversion cycles by keeping all components of cash flow at optimal levels.

Inventory management (inventory) is control over all assets that are company products, which are traded in daily operations. Inventory is critical to the successful functioning of manufacturing and retail organizations. Inventories, often represent as much as 40% of the total capital of industrial organizations (Naliaka and Namusonge, 2015). Inventory management refers to all activities involved in developing and managing inventory levels, whether raw material inventory, semi-finished materials or finished goods, so that adequate inventory must always be available and forms must ensure that the cost of excess or shortage of inventtory is always low. According to Kakeeto et al. (2017) effective inventory management can generate more sales for the company which directly affects the company's performance. Inventories are inventories purchased to resell for a profit. This is the biggest expense for a manufacturing company. Therefore, inventory must be managed properly to facilitate the company's operations.

Inventory plays a role that determines the growth and survival of the company in the sense that failure in effective and efficient inventory management means that the organization has failed to meet its objectives. Inventory management refers to all activities and organizations within it to maintain inventories for company operations so as to ensure supplies are available and the cost of excess or shortage of inventory is low. Inventory is well managed to facilitate operations.

Inventory as an important factor in the growth and survival of the company in the sense that ineffective and efficient inventory management will mean that the organization will lose customers and sales will fall. Careful inventory management will be able to reduce shrinkage, theft and waste while ensuring the availability of materials according to needs. Inventory management is critical to organizational success in today's competitive and dynamic market. Inventory management is correlated with company profitability. Therefore, selecting the right inventory management practices is a must in improving business performance.

ICT Implementation Significantly Strengthens The Influence of Cash Management on SME's Success During The Pandemic

Currently, communication technology has provided many conveniences in human life. In the field of business and trade, many consumers and producers have taken advantage of ICT. To advance the business or even to win the competition, today's entrepreneurs must create a website to promote their business/entrepreneurial activities. SMEs should use ICT because it provides many benefits at various levels, operational level, tactical level and strategic level. ICT can support the transformation between tacit and explicit knowledge. Successful knowledge management initiatives can transform SMEs' innovation capabilities into higher performance in a sustainable manner. Information and communication technology (ICT) has become one of the driving forces of the knowledge economy. The impact of ICT is seen in increased productivity and economic growth at the firm level and throughout the economy. ICT includes financial software, electronic banking, and the Internet and is considered one of the most common means of increasing sales, achieving economies of scale, and reducing unit costs.

Research result (Arefin and Rahman, 2020) revealed that currently many businesses are adopting profitability, competitiveness, efficiency and effectiveness by offering unique products. Currently, information technology is available and affordable to local MSMEs compared to the past. Information technology is very important information for decision making and evaluation. It can be especially used in financial management, as it helps in financial management, optimal financing decisions, short-term investments, and identifying financial risks. It is therefore important to assess and explain the perceived benefits of ICT and cash management, which are central to the activities of the finance department. ICT can be used in all financial decisions.

The use of ICT usually combines information and communication processes that refer to many technologies such as financial software, e-banking and the internet. Companies that use ICT in their financial functions, such as cash management, tend to view this function as important for company performance and able to improve the performance of the finance department as a whole.

As a result, the use of ICT has increased the recognition of the importance of financial management and the desire to use ICT to improve departmental performance related to reducing costs, improving the quality of information obtained and facilitating decision-making. It has been shown to influence perceptions of importance. In production. The use of ICT in the management of small and medium-sized enterprises can improve their competitiveness and performance. Effective ICT capabilities can be achieved by coordinating and adapting ICT resources (particularly managerial capabilities) with each other and with other key organizational resources. (Gaviria-Marin et al., 2021). The success of e-business initiateves and strategies depends on the mindset of managers, their understanding of ICT, and the impact of ICT implementation on their organizations (Her et al., 2020).

The results of this study are in line with the RBV theory which explains that a company's competitive advantage is generated from its unique resources where these resources can be in the form of management skills, organizational processes, and knowledge that is valuable, rare (unique), cannot be imitated (cannot be easily copied). sold or traded), and cannot be replaced. With the use of digital media and ICT will be able to increase cash inflows and in the future will be able to increase profitability. Cash management refers to managing an entity's cash to ensure sufficient cash to sustain the entity's day-to-day operations, finance sustainable growth, and provide for unexpected payments while not sacrificing too much profit due to excess cash holdings. According to Pandey (2020) Cash management is defined as the practice of controlling the inflow and outflow of cash within a business. You also need to be able to set up your company's cash balances at any time. All businesses should aim to collect cash receipts and make payments efficiently to maintain a net balance of surplus. This study agrees with Pandey (2020) research which emphasizes the importance of proper cash management for businesses by showing that every business needs available cash. Businesses should focus on maximizing cash inflows and minimizing cash outflows so that excess cash can be managed into investment portfolios through the use of technology. This will, in return, increase business sales and ultimately increase profitability.

ICT Implementation Significantly Strengthens The Influence of Receivable Management on SME's Success During The Pandemic

The use of information technology should make the management of accounts receivable easier on the one hand and on the other hand make the process more efficient. Finally reducing the additional costs and losses associated with the enforcement of receivables in the event of a debt default (Smrcka and Camska, 2016). Companies accept technological changes that occur in the world according to needs and this becomes a challenge in implementing receivable management by applying technology. Dhodi (2018) show that information technology affects inventory management through sharing information with suppliers, inventtory accuracy, reducing stock ordering costs, improving order processing, increasing service speed to customers and increasing stock availability to customers.

Muchaendepi et al. (2019) found that on average SMEs consider it important to have effective inventory management practices to improve business performance. The role of information technology is to assist businesses in achieving and maintaining competetive advantage because information technology does not have time and place constraints. The inventory management process will become easier and businesses will be able to achieve competitive advantage through effective information systems. Information and communication technology innovation improves the development process and improves the overall performance of SMEs. Inventory management system becomes less effective when there is no proper computerized system for documenting inventory.

Receivable management does not stand alone because it is part of the turnover cycle and working capital management which involves managing inventory, accounts receivable, cash management and debt management (Scholeova, 2012) that companies that manage the working capital cycle will have a higher chance of overcoming the global crisis caused by external economic conditions, one of which is due to the current pandemic.

Receivables turnover directly affects the amount invested in receivables. The higher the sales, the shorter the capital tied up in accounts receivable (Jindal et al., 2017). Therefore, to maintain a certain net credit sales with increased turnover, a small amount of capital is required to be invested in receivables. Accounts receivable management is an essential component of any organization's working capital management. Performance when SMEs face abnormal conditions or during the covid-19 pandemic. Companies that use working capital more efficiently will not experience financial difficulties and can maintain their performance during the economic crisis (Jamil et al., 2015). The use of technology will enable the decision-making process faster. For non-financial companies the process of managing accounts receivable is part of a broader activity. These activities are linked to core business such as selling purchased goods, selling self-produced products or providing non-financial services. Payable maturity monitoring will help maintain the recovery rate of accounts receivable.

ICT Implementation Significantly Strengthens The Influence of Inventory Management on SME's Success During The Pandemic

Effective inventory management will contribute to maintaining the coherence of business activities which then result in higher profitability (Khan and Siddiqui, 2019). One of the obstacles that must be faced behind increasing profits is the use of ICT. The results of the study support Zengwa and Choga (2016) who examined the role of information and communication technology (ICT) in company inventory management. The use of ICT will assist in advancing standard stock management measures, reducing workloads and improving inventory functionality. Similarly, Mongare and Nasidai (2014) investigated the impact of information and communication technology on inventory control systems. Inventory control has mixed results depending on planning, i.e. whether it is a short term or a long term effect. According to Zengwa and Choga (2016) the role of information communication technology (ICT) for small and medium enterprises (SMEs) that the use of technology in inventory administration requires the right mastery and experience. Inventory is very essential in every organization and requires serious managerial attention because it binds various company capital.

Inventory represents an important variable of choice at all levels of goods production, distribution and income, as well as being a prime part of the current total assets of many groups. An inventory management system is a tool that includes all elements of a company's inventory management; purchasing, shipping, receiving, monitoring, warehousing and garage, switching, and reordering. The main activities are: inventory planning and forecasting orders, inventory monitoring and stability reconciliation and inventory reporting. There are special forms of costs that take part in the inventory cost structure: ordering (or setup) costs, holding (or holding) costs (capital costs, holding costs, obsolescence, damage, and loss costs), stockout costs, object costs, transportation costs, and other costs related to volume. The use of ICT in SMEs can also facilitate collaboration within companies and between companies and other companies.

SMEs can use Internet tools and technologies such as business modeling tools, service development tools, discussion groups, and training tools. E-business has the potential to redefine an organization's existing business infrastructure and evaluate the way it does business. The successful implementation of an e-business strategy depends on the ability of SMEs to create synergies between technology, corporate goals and strategies, and community skills and capabilities. The use of ICT in the management of small and medium-sized enterprises in the service sector incurs various costs, and these costs are of a direct and indirect nature. Direct costs of ICT implementation include: the cost of hardware accessories; upgrade costs, training and consulting costs, maintenance costs, network security maintenance costs are often underestimated.

CONCLUSION AND SUGGESTIONS

Entrepreneurial success must be seen as a life mission that needs to be reviewed. Success steps are as important as showing entrepreneurial success. This research is important. Because these findings provide insight into the key factors that lead to entrepreneurial success, the importance of successful women entrepreneurs, and even more comprehensive theories of entrepreneurship in future research, as well as how this success This is because it may lead to more than just an investigation into whether this will continue in the future. One of the possible strategies is to identify working capital efficiency improvement strategies needed to respond to the impact of the ongoing pandemic by implementing ICT to improve the performance of SMEs in Batu City .

Based on the analysis and conclusions of the results of this study, it can be suggested to create synergies between financial institutions and MSMEs in encouraging the creation of capacity building for MSME managers through training, technical guidance, and cooperative business assistance so that they can develop in a sustainable manner. Improving human resources who are capable of mastering and operating information and communication technology. There is also an emphasis on paying greater attention to risks arising from uncertainty in the external environment, so that risks can be predicted and judged at the early stages of decision-making and business planning for SMEs countermeasure.

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