

**ROLE PUBLIC BUSINESS CREDIT FINANCING BY FINANCIAL INSTITUTIONS ON MSME DEVELOPMENT INTRODUCTION**

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**Abstract:**

The Role of General Business Credit Financing by Financial Institutions in UMKM Development. Bank Indonesia Regulation No.14 / 22 / PBI / 2012 shows the government's attention to the KUR capital policy for MSMEs. However, the financing obtained from financing institutions may not be used optimally by MSMEs to run and develop their businesses. The role of financial institutions is still needed, apart from being a means of generating funds, also as a business facilitator, for example in the fields of management, markets and marketing, as well as finance as a means of providing funds will be easier to do when compared to the role of a facilitator for MSMEs. This research uses a qualitative approach. The research sample of MSMEs in Bali Province received KUR funds from KSP Guna Prima Dana. The result of this research is that there is an increase in sales turnover, labor, and the number of customers after receiving KUR funds from KSP Guna Prima Dana. UMKM receiving KUR (People's Business Credit) financing from KSP Guna Prima Dana have experienced business development because the majority of sales turnover after receiving KUR funds is more than the sales turnover before receiving KUR funds.

**Keywords:**

MSME, Public Business Credit (KUR), Sales Turnover, Labor, Number of Customers



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**INTRODUCTION**

The role of Micro, Small, and Medium Enterprises or more commonly known as MSMEs in the economic growth of a country is very important (Hafni & Rozali, 2017). When the crisis hit in 1998, small and medium scale businesses were relatively able to survive compared to large companies. The reason is that the majority of small-scale businesses are not too dependent on large capital or outside loans in dollar exchange rates. Thus, when there is fluctuation in exchange rates, large-scale companies that generally always deal with foreign currencies are the ones that have the most potential to experience the impact of the crisis (Munir, 2016). Based on data from the Ministry of Cooperatives and Small and Medium Enterprises, there is an increase in the number of MSMEs from 2017 as many as 62,922,617 units to 64,194,057 units in 2018 which are divided as follows: 63,350,222 Micro Business units, 783,132 Small Business units and 60,702 Medium Business units (Depkop, 2018).

**Table 1 Development of Indonesian MSME Data for 2017-2018**

No	Indicator	Unit of Qty	2017	2018	MSME development from 2017-2018	Percentage (%)
1	Business Unit	Unit	62.922.617	64.194.057	1.271.440	2,02
2	Labor	Thousand or	116.431.224	116.978.631	547.407	0,47
3	Export	Millions Rp	301.629,8	293.840,9	-7.788,9	-2,58
4	Investment on a valid basis	Billions	2.377.412,7	2.564.549,5	187.137	7,87
5	Investment at constant prices	Billions	1.586.688,5	1.675.139,6	88.451	5,57
6	GDP at current prices	Billions	7.820.282,6	8.573.895,3	753.612,8	9,64
7	GDP at constant prices	Billions	5.445.564,4	5.721.148,1	275.583,7	5,06

Source: Ministry of Cooperatives and Small and Medium Enterprises processed from BPS data (2020)

Based on Table 1 above, it can be explained that, progressively over the last two years, the development of SME business units in Indonesia has increased annually by 2.02 percent. For employment, there was an increase of 0.47 percent. For the export value, there was a decline from 2017-2018 reaching -2.58 percent. Meanwhile, the investment value at the current price appears to have increased by an average of 7.87 percent, while at constant prices the investment value only increased by an average of 5.57 percent. The contribution to the formation of the Gross Domestic Regional Product (GRDP) at current prices shows an average of 9.64 percent, while at constant prices it only reaches an average of 5.06 percent per year (Depkop, 2018).

This empirical data indicated that the development of MSMEs in Indonesia is not optimal. In terms of the export sector, there was a decline from 2017 to 2018 of -2.58 percent. Even though as we know, the government hopes that SMEs can produce products that can penetrate the international market (Saputra et al., 2018). This success will greatly support the increase in the country's foreign exchange reserves, which are very much needed to boost the sustainability of the national economy (Rosa, 2019). Problems that are still an obstacle in developing UMKM businesses are the limited capital owned and the difficulty of MSMEs in accessing sources of capital (Adawiyah, 2014).

Basically, the obstacles and obstacles faced by MSME entrepreneurs in increasing their business capacity are very complex and cover various aspects (Watto et al., 2020), one of which is interrelated, among others; lack of capital both in quantity and source, lack of managerial ability and operational skills as well as an absence of formal form from the company, weak organization and limited marketing (Wihartanti, 2017). In addition to these things, there is also unfair competition and economic pressure, resulting in limited business scope (Suci et al., 2017). In general, the problems of SMEs in Bali Province are not much different from the problems experienced by SMEs in other provinces in Indonesia, namely low managerial ability (in terms of production, raw materials, administration, and finance), low commitment to fulfilling customer orders (in product design and quality; instability of supply and price of raw materials or other supporting materials) (Sara et al., 2020), and low access to financing sources. Government policies through memoranda of understanding with various agencies which became known as the KUR program or through Bank Indonesia regulation No.14 / 22 / PBI / 2012 have shown the government's attention to providing solutions to MSMEs related to capital problems by playing the role of financial institutions as an alternative source of financing for MSMEs ( Ministry of Trade, 2013).

Currently, access to MSME financing is mostly obtained from commercial banks compared to financing institutions such as cooperatives and non-bank financing institutions. Competition between financial institutions has made them less popular non-bank financing institutions experience a decrease in the number of debtors. Even so, the share of MSMEs for financing institutions is still large. Non-bank financing institutions face obstacles in obtaining information from potential borrowers (Anggraini & Nasution, 2013). Researchers are interested in analyzing the role of KUR financing by financial institutions, especially cooperatives in developing UMKM and how the development of MSMEs after receiving assistance in the form of KUR. Researchers are interested in researching financial institutions, especially cooperatives because currently not all non-bank financial institutions are allowed to channel KUR. Three cooperatives throughout Indonesia have been selected as KUR distributors, one of which is the KSP Guna Prima Dana located in South Kuta District, Badung Regency, Bali Province. This cooperative was chosen by the government as a KUR distributor because the NPL is below 5% and also has good management, this is evident from the healthy liquidity of the cooperative (*Ini Koperasi Penyalur KUR Pertama di Bali | Ekonomi*, n.d.). Other than that. Based on the explanation above, a research question can be formulated that will be raised in this analysis, what is the role of KUR financing by financial institutions in the development of MSMEs, and what policies can support the development of MSMEs.

## METHOD

This study applies a qualitative descriptive data analysis method with case studies that can be classified into explorative types, namely exploring data and information sourced from data collection through observation, interviews, and literature study. This research was conducted at KSP Guna Prima Dana and UMKM receiving KUR funds from KSP Guna Prima Dana. The sampling technique in this study used probability sampling with simple random sampling. Probability sampling is a random or random sampling method. With this sampling method. All members of the population are assumed to have the same opportunity to be selected as the research sample. In this study, 30 MSMEs in Bali Province received KUR funding from the Guna Prima Dana Cooperative.

## RESULTS AND DISCUSSION

KSP Guna Prima Dana was formed on the background of the economic crisis that hit the Indonesian nation in 1997. This crisis caused the national economy to deteriorate. This condition made it difficult for small business actors to use banking services, especially credit facilities so that the idea emerged to establish a financial institution in the form of a cooperative. On September 9, 2001, at the Mandala Cafe, the KSP Guna Prima Dana was declared by 9 declarators. Then on July 30, 2002, the KSP Guna Prima Dana Legal Entity was issued by the Badung Regency Small and Medium Enterprises Cooperative Office with the legal entity number 03 / BH / Diskop / 2002, with a total membership of 139 people. The KSP Guna Prima Dana was officially selected as one of the Public or People's Business Credit (KUR) distribution cooperatives.

The KSP, managed by I Wayan Suyatna, became the first KUR distribution cooperative in Bali. The choice of the KSP Guna Prima Dana made him one of three cooperatives throughout Indonesia that were selected as KUR distribution cooperatives after the Kospin Jasa in Pekalongan, Central Java, and the Kopdit Obor Mas Savings and Loans Cooperative (KSP) in Maumere, NTT. The KSP Guna Prima Dana received the National Best award in 2019, which in terms of growth is now very significant. For SHU KSP Guna Prima Dana, it has met the target of reaching Rp. 3 billion, with total assets of Rp. 178 billion. The increase was inseparable from the appointment of KSP Guna Prima Dana as the only KUR distributor in Bali. So that from an institutional perspective, capital and others are very healthy and supervised by the Financial Services Authority (OJK). This of course will further foster the trust of members and the community. KSP Guna Prima Dana was appointed by the Indonesian Ministry of Economy as the first KUR distribution cooperative in Bali which began in 2019 with a ceiling of IDR 8.5 billion. In the period until October 2019, this KUR has all been distributed, even with an NPL of 0. Meanwhile, in 2020, KSP Guna Prima Dana received a KUR ceiling of IDR 30 billion with details of IDR 10 billion micro KUR and IDR 20 billion small KUR. However, due to the current pandemic, KSP Guna Prima Dana has only channeled its funds in the form of micro KUR credit, which is worth IDR 10 billion, and currently, there is still IDR 600 million remaining.

This section provides information on the general condition of respondents based on the type of business. Based on the figure below, the results of the identification of the respondent's type of business show that the type of business in the fields of the plantation, education services, technology, and health is 1 respondent each (3%). Types of clothing and agricultural businesses amount to 2 respondents (7%). In other types of business, such as groceries, food, rental business, and industry, each was 4 respondents (13%). The type of tourism business dominates with 5 respondents (17%). The type of business in the tourism sector is mostly found in the areas covered by the KSP Guna Prima Dana because there are many attractions or tourist objects in the South Badung area.

In this study, the sample of customers taken was 30 people with a ceiling of Rp 50,000,000 each. The installment payment includes the interest, wherein the installment payment is subject to interest of 0.27% / month or 3.24% / year. Based on the bar chart below, it is known that the largest installment payments due to KUR financing are shown at a value of 1,523,889 for a period of 3 years as many as 26 people (87%) and 2,218,333 for period 2 as many as 4 people (13%). One of the goals of KUR financing is to develop UMKM businesses. To see whether MSMEs are experiencing development, it is necessary to know the sales turnover before and after receiving financing. The size of the respondent's sales turnover in the month before receiving KUR financing at the KSP Guna Prima Dana was the smallest, which ranged from Rp.10,000,001 - Rp. 15,000,000, namely 5 respondents (17%). While the sales turnover before receiving KUR financing was the highest, which was above Rp. 20,000,001 - Rp. 25,000,000 as many as 15 respondents (50%) and between Rp. 15,000,001-Rp. 20,000,000, namely 10 respondents (33%).

The size of the respondent's sales turnover in a month after receiving KUR financing at the Guna Prima Dana Cooperative is the smallest, namely the range of IDR 15,000,001 - IDR 20,000,000 as many as 5 respondents (16.7%). Most respondents obtained the sales turnover within a month in the range of Rp. 20,000,001 - Rp. 25,000,000, namely 15 respondents (50%). While the sales turnover after receiving KUR financing was in the range of Rp. 25,000,001 - Rp. 30,000,000 as many as 8 respondents (26.7%) and in the range of Rp. 30,000,001-35,000,000 as many as 2 respondents (6.7%). Information about the number of respondents' workforce before receiving KUR financing at the KSP Guna Prima Dana was 0 people or the respondents themselves were 8 respondents. Has 1 workforce of 3 respondents, has 2 workers as many as 1 respondent, has 3 workers as many as 4 respondents, has 4 workers as many as 3 respondents, has 5 workers as many as 2 respondents, has 6 workers as many as 2 respondents, has 7 The workforce is 1 respondent, has 8 workers as many as 3 respondents, and has 9 workers as many as 2 respondents. The number of respondent workers after receiving KUR financing at the KSP Guna Prima Dana is 1 worker as many as 3 respondents. It has 2 workers as many as 7 respondents, has 4 workers as many as 5 respondents, has 5 workers as many as 4 respondents, has 6 workers as many as 3 respondents, has 8 workers as many as 3 respondents, has 9 workers as many as 2 respondents, and has 10 workers as many as 3 respondents.

Information about the number of respondent customers (a month) before receiving KUR financing from the KSP Guna Prima Dana is at most in the range of 201 - 300 customers as many as 11 respondents. The smallest number of subscribers in a month is 150 subscribers. Meanwhile, the highest number of subscribers is 600 subscribers for a month. The number of respondent customers (a month) after receiving KUR financing from the KSP Guna Prima Dana is at most in the range > 601 customers as many as 11 respondents. The smallest number of subscribers in a month is 190 subscribers. Meanwhile, the highest number of subscribers is 900 subscribers for a month.

## CONCLUSION

From the results of research on the analysis of the development of micro, small and medium enterprises before and after receiving the People's Business Credit (KUR) financing at the KSP Guna Prima Dana, it is concluded that there is a difference between sales turnover before and after financing. After financing turnover is better than the sales turnover before. The results of the comparison of sales turnover before and after receiving KUR financing from the KSP Guna Prima Dana, as many as 30 respondents on average experienced an increase in sales turnover. MSMEs that receive KUR (People's Business Credit) financing from the KSP Guna Prima Dana are experiencing business development because the majority of sales turnover after receiving KUR funds is more than the sales turnover before receiving KUR funds.

There are also differences between the number of workers before and after financing. The number of workers after is better than the number of workers before. The number of workers after receiving KUR funds is better than the previous workforce. The results of the comparison of the number of workers before and after receiving KUR financing from the KSP Guna Prima Dana, there were no respondents with the result that the number of workers was lower after receiving financing than before receiving KUR financing. Differences were also found between the number of customers before and after financing. The number of subscribers after is more than the number of customers before. The results of the comparison of the number of customers before and after receiving KUR financing at the KSP Guna Prima Dana, 30 respondents had a better number of customers than before receiving KUR financing. So that MSMEs that receive KUR financing from the KSP Guna Prima Dana develop their business when viewed from the number of customers owned by MSME players.

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