

Software Development for Micro, Small, and Medium Enterprises for People's Business Credit

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ABSTRACT: Through the People's Business Credit (KUR) program, the government wishes to accelerate the development of economic activities, especially in the business sector, in the context of poverty reduction and expansion of employment opportunities. Distribution of KUR still has several weaknesses, which makes banks to be selective in channeling their credit and seem to be slow in distributing KUR. This study aims to map the issues and opinions both positive and negative of the KUR program to the development of MSMEs in Indonesia and analyze the impact of the KUR program on MSME growth and create an integrated system to improve MSME bankability in obtaining KUR. In Year 1, descriptive data management was carried out, such as the study of various kinds of documents and interview transcripts from questionnaires and software mockups that had been tested for registration of Intellectual Property.

Keywords: People's Business Credit, MSME, government.

1 INTRODUCTION

1.1 Introduction

The implementation of the People's Business Credit (KUR) program has 3 (three) important pillars, namely: (1) the government has the function of assisting and supporting the implementation of credit as well as credit guarantees, (2) the guarantee institution acting as the guarantor for financing disbursed by banks, and (3) banking as the recipient of collateral functions to extend credit to Micro, Small, and Medium Enterprises (MSMEs) & Cooperatives using their own internal funds. Referring to the KUR legal basis mentioned above, the KUR program scheme is different compared to other credit scheme programs issued by the government (Mazzarol 1999).

1.2 Research Purposes

On the other hand, KUR is actually only a stimulus for the movement of the people's economy. However, just like the previous aid programs, KUR is also perceived by many people as something that has the ability to drive the people's economy. Thus, such

perceptions still need to be studied seriously and continuously.

The purpose of this research is to (a) Map issues and opinions, both positive and negative, about the KUR program on the development of MSMEs in East Java Province. (b) Analyze the impact of the KUR program on the growth of MSMEs in East Java Province, and (c) Create an integrated system to improve bankable MSMEs in obtaining KUR.

1.3 MSME's in East Java

In Indonesia, MSME is a sector that has a significant contribution, both in terms of employment and contribution to the economy (GDP). While in East Java itself, the MSME sector also has a substantial contribution to improving the welfare of the people of East Java (Ucnasaran 2000).

The growth rate of MSMEs in 2016 amounted to 10,005 units from 2015 to the first semester of 2016 by absorbing 34,966 workers and managing a turnover of IDR 88,913 million in the first semester of 2016, while the contribution of the East Java SME sector to East Java's GRDP reached 53.04 percent. Of the total East Java GRDP worth IDR. 692 trillion, the contribution of MSMEs reached approximately IDR 367,03 trillion. While the contribution of SMEs

to the economy of East Java measured from its GRDP was 53.49% of East Java's total GRDP.

In addition to being a sector that contributes quite significantly to the economy, the MSME sector is also a sector that has high enough resilience to the financial crisis. This condition is seen in the existence of MSMEs when the economic crisis hit Indonesia in 1997/1998. At that time, most sectors of the economy in Indonesia experienced a downturn, and many companies terminated their employees even close the company. However, apparently, the number of small and medium business units actually increased after the crisis (Hisrich et al. 2008).

1.4 *Government Policy on KUR*

Bank Indonesia's credit policy towards MSMEs continues to be enhanced in its role in empowering MSMEs, including through measures and policies that encourage banks to finance MSMEs.

In the field of banking credit policy, Bank Indonesia encourages banks to channel KUR, include it in a business plan, and report it in published financial reports so that the public can assess banks in favor of developing MSMEs. In order to further enhance the MSME loan realization following its business plan, Bank Indonesia also continues to encourage cooperation (linkage programs) between Commercial and Rural Credit Banks (BPR) in order to increase lending to micro-businesses, support the establishment of individual service units for micro, small, and medium enterprises (MSME Centers) in branch offices banks and adjusting banking regulations to encourage micro, small, and medium business credit distribution while still observing the prudential principles and applicable laws and regulations (Subari 2004, Rahayu 2005).

The government guarantees a 70% KUR risk, while the implementing bank bears the remaining 30%. KUR guarantees are given in the context of increasing MSME access to financing sources in order to encourage national economic growth (Miller 1998, Mintzberg & Quinn 1996).

2 RESEARCH METHODS

2.1 *Triangulation Method*

This research used a qualitative and quantitative research approach. Qualitative research is research that produces and manages descriptive data, such as the study of various kinds of documents (desktop study) and interview transcription from the results of questionnaire collection. This research also deployed the

triangulation method, which is the process of checking the validity of the data to ensure the measured data is the correct data. Quantitative research is needed because it requires mathematical calculations about the description of the growth of MSMEs with the percentage as dependent variables with and the influence of independent variables, namely the growth of KUR distribution using specific statistical formulas.

The scope of activities is the link between KUR and the increasing number of MSMEs in East Java province.

2.2 *Data Gathering*

Initial activities were undertaken to prepare relevant supporting data before carrying out survey programs to agencies and the field. This activity was carried out by collecting data following the objectives of the activity, including comparison with similar activities that have been carried out elsewhere. Additionally, the respondents' ring areas were mapped, with restrictions or indicators determined during the survey and team discussion.

Survey activities were carried out to obtain secondary data through data collection activities obtained from various relevant sources and libraries concerning government agencies that have collected data in advance. Survey activities were also carried out to obtain primary data through data collection activities carried out on respondents directly using the questionnaire aids, namely close-ended (Likert scale 1-4) and open-ended (Sumarno 1999).

In analyzing qualitative research, several stages need to be carried out, including organizing data, grouping by categories, themes and answer patterns, testing assumptions or problems that exist with the data, and finding alternative explanations for data.

2.3 *Triangulation Process*

The validity and constancy criteria used in the qualitative approach in this study were construct validity. The shape of the boundary is related to a certainty that what is measured is really the variable that needs to be measured. This validity can also be achieved with the right data collection process. One way is through the process of triangulation, which is a technique for checking the validity of data that uses something else outside the data for checking or comparison purposes.

Data triangulation uses various data sources such as documents, archives, interview results, observations, or also by interviewing more than one subject that is considered to have a different point of view.

Triangulation observers are observers outside researchers who also examine the results of data collection. In this study, the case study supervisors acted as observers (expert judgment) who provide input on the results of data collection. Triangulation theory is the use of various theories to ensure that the data collected has met the requirements. The triangulation method is the use of multiple methods to examine a thing, such as an interview method and the observation method. In this study, researchers conducted the interview method, which was supported by the observation method at the time the interview was conducted.

3 RESULTS AND DISCUSSIONS

The success of KUR distribution can be seen from the extent of its impact on various parties concerned, particularly to the KUMKM (Micro, Small, and Medium Enterprises Cooperative) in East Java as a debtor of the KUR program (Man et al. 2002).

The impact of KUR on MSMEs will be seen from financial performance, marketing performance, production performance, human resource performance, and management performance (Indarti 2005, Jamali 2009).

Financial performance study aims to determine the estimated benefits of funding from KUR and cash flow of MSME business projects before and after getting credit. The extent to which KUR has an impact on debtors who run MSME businesses can be seen in the following table:

Table 1. Effect of KUR to MSME's Financial Performance

Component	Up	Fixed	Down
a. Sales	61.02%	33.90%	5.08%
b. Operational Cost	44.44%	48.15%	7.41%
c. Net Profit	59.32%	35.59%	5.08%
d. Debt	56.60%	35.85%	7.55%
e. Profit	50.00%	42.31%	7.69%
f. Source of Financing	31.71%	65.85%	2.44%
g. Liquidity	31.82%	63.64%	4.55%
h. Efficiency	15.00%	82.50%	2.50%
i. Sensitivity	10.71%	85.71%	3.57%

The marketing performance study aims to find out how the funding sources from KUR obtained can help MSMEs to improve aspects of their markets. The extent to which KUR has an impact on debtors can be seen in the following table:

Table 2. Effect of KUR to MSME's Marketing Performance

Component	Up	Fixed	Down
a. Demand	25.49%	68.63%	5.88%
b. Sales	26.19%	64.29%	9.52%
c. Market Segment	8.93%	87.50%	3.57%
d. Competition	10.20%	87.76%	2.04%
e. Distribution Channel	11.11%	86.11%	2.78%
f. Marketing	9.76%	87.80%	2.44%
g. Consumer Satisfaction	18.75%	78.13%	3.13%

New sources of funding have not been enough to help improve the aspects of the MSME market, where the average MSME marketing performance before and after obtaining KUR experiences constant conditions. Respondents stated that market demand (68.63%), product sales (64.29%), market share (87.50%), market competition (87.76%), distribution channels (86.11%), product marketing (87.80%), and consumer satisfaction (78.13%) experienced a similar condition conditions before and after receiving KUR funds.

Table 3. Effect of KUR to MSME's production Performance

Component	Up	Fixed	Down
a. Quality	15.79%	81.58%	2.63%
b. Types of Product	20.83%	77.08%	2.08%
c. Technology	17.14%	80.00%	2.86%
d. Capacity	21.88%	75.00%	3.13%
e. Production Volume	32.14%	64.29%	3.57%
f. Inventory	23.08%	73.08%	3.85%
g. Finished Goods	26.09%	69.57%	4.35%

Respondents stated that product quality (81.58%), types of product (77.08%), production equipment technology (80%), production capacity (75%), volume/amount of production (64.29%), inventory of production materials (73.08%), and the finished product inventory (69.57%) did not change much after obtaining KUR funds. This makes sense because most of the respondents were micro KUR credit takers who have an upper limit of IDR 20 million, where the value is not large enough to change the techniques and technology of MSME production (Lee 1997).

A study of human resource performance was carried out to determine changes in HR aspects in MSMEs before and after receiving KUR funds (Kolvereid 1996). The extent to which KUR has an impact on debtors can be seen in the following table:

Table 4. Effect of KUR to MSME's HR Performance

Component	Up	Fixed	Down
a. Number of Employee	15.79%	81.58%	2.63%
b. Work Hour	20.83%	77.08%	2.08%
c. Salary	17.14%	80.00%	2.86%
d. Worker Productivity	21.88%	75.00%	3.13%
e. Training	32.14%	64.29%	3.57%

The results showed that HR performance, before and after receiving KUR funds, experienced a similar condition. Number of employees (73.08%), working hours of employees (87.10%), employee wages/salaries (81.82%), employee productivity (76.19%), and training/development (87.50%) did not change much after obtaining KUR funds.

A management performance study was conducted to find out if the development and implementation of MSME business can be planned, implemented, and controlled after receiving KUR credit. The extent to which KUR has an impact on debtors can be seen in the following table:

Table 5. Effect of KUR to MSME's Management Performance

Component	Up	Fixed	Down
a. Planning	20.69%	75.86%	3.45%
b. Organizing	11.76%	82.35%	5.88%
c. Actuating	5.26%	89.47%	5.26%
d. Controlling	6.45%	90.32%	3.23%

The MSME respondents stated that planning (75.86%), organizing (82.35%), actuating (89.47%), and controlling (90.32%) were still similar. Minimal guidance from related agencies is at least one of the obstacles to the success of the KUR program that has been disbursed to MSMEs, where they are equally unaware of what management performance should be applied to support their business going forward. For MSMEs, the implementation of KUR had an impact on improvement and stability in terms of financial performance, marketing performance, production performance, human resource performance, and management performance.

4 CONCLUSION

The result from the triangulation process showed that MSMEs motivated by the additional working capital obtained from the KUR program could be utilized to develop business ventures. MSMEs are also interested in getting lower interest rates than other loans so that the need for new working capital that is increasing will also increase business profits

going forward. MSMEs are also happy about the low loan installments because they feel they will not overburden business continuity going forward with a value of capital debt burden that is smaller than the monthly profit earned. In order to meet the needs of children's schools, parents who run MSME businesses are also motivated to have faster capital turnover than the KUR program.

The KUR program, MSMEs are also interested in modernizing their production technology by diverting manual production workers with new, more sophisticated machine technologies that increase production time efficiency. The fast KUR submission process also motivated MSMEs to open new business lines to increase customer satisfaction with the diversity of products produced.

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