

Analysis of the Impact of People's Business Credit (KUR) in the Development of Micro, Small and Medium Enterprises in Telaga Jaya and Tilango Sub-Districts, Gorontalo Regency

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ABSTRACT

This study aims to analyse the impact of People's Business Credit (KUR) in the development of Micro, Small and Medium Enterprises in Telaga Jaya District and Tilango District, Gorontalo Regency. Based on the results of the analysis, People's Business Credit (KUR) is still a prima donna for every MSME business actor. The ease provided by banks in providing KUR facilities for MSME actors is a factor that causes high interest in MSME business actors to get credit in the Telaga Jaya and Tilango sub-districts, which are mostly engaged in the culinary trade, services and agriculture business sectors. Government support for business actors to obtain KUR facilities is also a means of controlling and supervising the smooth payment of KUR by MSME business actors.

Keywords: Business, Micro, Development, People, Growth

INTRODUCTION

Today's economic growth is very dynamic where the growth and development of the global economy is so rapidly progressing that has a direct impact on increasing the economic growth of a country which certainly has an impact on progress and prosperity for the people in a country, with economic progress greatly contributing to people's lives, especially running the wheels of life to get a decent life in their daily lives. People who run their daily lives are faced with various kinds of problems, especially in fulfilling their expected needs, this is a challenge for life in society, groups and individuals themselves.

The economic progress of a country and also an increase in population growth is also one of the challenges in the future, this is a reality that must be supported by various parties to improve various infrastructures that can provide solutions to make it easier to undergo life challenges. Infrastructure in the form of public facilities that can provide and help the community facilitate their daily activities in running the wheels of the

economy in order to achieve the economic growth expected by all of us.

Input and support from various parties, especially policy makers, in this case the local government, which should be more intense in coordinating with various parties, especially banking financial institutions, to be able to overcome various problems faced by the community itself in terms of increasing the economic growth of the community itself. For this reason, a direct communication is needed with people who have micro, small and medium enterprises (MSMEs), banks and local governments in order to find out the various problems faced by the community, and as soon as what is a problem can be resolved so that the economic growth of the community is in accordance with the expectations of the community and the local government.

The economic growth of an area requires cooperation from various parties in order to accelerate and help move the wheels of the local economy by facilitating access for the community to sell business products produced by the community itself. For this reason, an area really

needs a direct touch from the government in encouraging the wheels of the economy, which of course has a direct effect on increasing the economic growth of the local community. In increasing the income and economic growth of the community, the government must also pay more attention to the various needs and problems faced by the community in running the economy, so that what the government hopes for, where the community becomes prosperous can be achieved. One of the important things that needs to be considered by the government, in this case the banking sector, is the need for capital for micro, small and medium enterprises (MSMEs) in the community to be able to finance various kinds of business needs in the form of increasing production capacity and covering various shortcomings in running a business. With the government's direct attention to MSMEs that need funds, this can make a contribution in order to improve the economy, and also have a direct effect on increasing community economic growth.

To accelerate the economic growth of the community, all components must work together, especially the government, bank financial institutions and the community in order to create the dynamics of prosperous community economic growth which is the hope for all of us to advance the nation's economy. The existence of synergy between the government, bank financial institutions and the community can be utilised as well as possible by people who have businesses in various fields of small and medium enterprises that really need a touch of financial assistance and provide management training from related parties, especially from the government in supervising and fostering community businesses, and on the other hand banks are expected to provide an ease of capital in the form of people's business loans, because there are still most people who have small businesses that have not been touched by bank financial institutions in getting people's business loans (KUR) to advance their business.

Based on the above statement, it encourages researchers to conduct research on the impact of People's Business Credit (KUR) in the Development of Micro, Small and Medium

Enterprises in Telaga Jaya and Tilango Districts, Gorontalo Regency, so that the community can be helped and understand the role of banking in helping to advance the economic growth of the community, so that the community's economic order can run as expected.

METHOD

This research will be designed with a qualitative research approach using a qualitative descriptive analysis method, with data collection techniques through interview techniques, FGDs, and documentation techniques. The focus of this research are: (1) Identifying the obstacles faced by the community in obtaining people's business credit, (2) Knowing the efforts of banks in increasing KUR distribution to increase community economic growth, (3) Analysing the factors that influence community interest in obtaining KUR.

The object of this research is micro, small and medium enterprises (MSMEs) that get people's business credit (KUR) by banks in Telaga Jaya District, Gorontalo Regency.

RESULT and DISCUSSION

Overview Of The Research Location

Gorontalo Regency is one of the oldest regions in Gorontalo Province which has 6 districts and cities. The current area of Gorontalo Regency is 2,145.47 Km² or 15.55% of the total area of Gorontalo Province. Gorontalo Regency currently has 19 sub-districts with 191 villages, 14 sub-districts, 1 UPT and 181 hamlets. One of the sub-districts is Telaga Jaya Sub-district which has an area of 6.41 Km² or 0.30% of the total area of Gorontalo Regency.

Based on its regional characteristics, Gorontalo Regency relies more on the trade sector in its economy. Its location in the middle (centre of village) in Gorontalo Province, makes this region suitable for trade and services, so that the growth and development of business actors in the trade sector as a support for the regional economy. Based on 2020 data, the MSME sector in Gorontalo Regency experienced an increase in the number of business actors by

99,000 actors from the previous year, which was 43,574.

Table 4.1.

Total number of MSMEs in Gorontalo Regency

No	Years	Total
1	2017	33.468
2	2018	33.548
3	2019	33.637
4	2020	43.574

Data source: District BPS. Gorontalo

The data above illustrates the increase in the number of MSME business actors in Gorontalo district over a period of 4 years from 2017 to 2020. This increase is in line with the efforts and seriousness of the Regency government which opens access to tourism and green parks in every corner of the city, which triggers the emergence of business actors around these locations.

1. **Barriers faced by micro, small and medium enterprises in obtaining people's business loans.**

The management of KUR funds by MSME business actors is a determining factor for the bank in providing loans, the bank in conducting an analysis or study of the feasibility of debtors or the community in providing credit facilities always pays attention to the ability of MSME business actors to manage and use the funds to support the business. From the results of the research conducted, there are several main obstacles / obstacles from MSME business actors in obtaining KUR from banks, one of which is:

A. Quality of human resources of business actors.

The readiness and availability of a professional workforce is the first element that will be assessed by banks in extending credit. As stipulated in Banking Law No. 10 of 2010 that one of the elements of creditworthiness assessment is the character of prospective debtors. The bank before extending credit first assesses the

character of the prospective debtor, especially in terms of the psychological aspects of the prospective debtor or in this case the business actor himself. This character assessment will certainly involve parties who, according to the bank itself, have a close relationship with the prospective debtor or prospective credit recipient (KUR) later.

According to the results of the research, MSME business actors in Telaga Jaya Subdistrict, in terms of education level, on average, only have a high school education of 80% and the remaining 20% are elementary and junior high school graduates, and no one has graduated from college or has a bachelor's degree. This condition makes it difficult for business actors to obtain KUR facilities from banks quickly. Most of the businesses they run are just start-ups from their parents. One of the things that can help business actors to obtain KUR loans is the characteristics of the business itself and the experience of the business actor. Business characteristics mean that the type of business being run in terms of products or services is a product or service that is in high demand by consumers, such as culinary and party equipment lending services.

From the results of interviews with several MSME business actors, the business capital factor is still a major obstacle in improving and developing business. So far, business actors in running their businesses are still limited to conditions where on average their initial capital comes from their own efforts. In general, this business characteristic is also a problem for KUR channeling banks in providing services to MSME business actors, especially those in the Telaga Jaya and Mootilango sub-districts. In addition, business capital that can be used as collateral in managing the business is very limited. This obstacle is a factor inhibiting the smooth liquidity of KUR for MSME business actors.

B. Business prospects.

MSME business prospects can be defined as a form of business continuity for the long term. One of the parts of the feasibility study by the bank in distributing KUR is the business prospect itself. This business continuity can guarantee that the funds channeled in the form of KUR will not be problematic in the future. This is very dependent on several things such as:

- 1) Characteristics of the business itself
- 2) The type of business
- 3) Products produced
- 4) Target market segmentation
- 5) Business location

The factors mentioned above are the bank's analysis efforts before distributing KUR to MSME business actors. Indeed, if seen from the existing provisions, it is rather impossible for business actors to have the things mentioned above, therefore, from the results of interviews with banks, it was stated that one of the policies adopted was to conduct a simple analysis related to the prospects of the business. The simple analysis is meant to only see the type of product and location of the business, besides that the bank will also provide assistance as a form of effort to maintain the business liquidity of SMEs.

2. Banking efforts to increase KUR distribution for the development of micro, small and medium enterprises.

The Kredit Usaha Rakyat (KUR) programme is one of the government's programmes to increase access to financing for Micro, Small, and Medium Enterprises (MSMEs) channeled through financial institutions with a guarantee pattern. The KUR programme is intended to strengthen the ability of business capital in the context of implementing policies to accelerate the development of the real sector and empower MSMEs.

In order to realise this, the government issued Presidential Instruction No. 6/2007 on Policies to Accelerate the Development of the Real Sector and the Empowerment of MSMEs. The KUR programme was officially launched on 5 November 2007. The financing channeled by

KUR is sourced from banking funds or financial institutions that are KUR Distributors. The funds provided are in the form of working capital and investment funds that are channelled to individual MSMEs, business entities and/or business groups that have productive and viable businesses but do not yet have additional collateral or are feasible but not yet bankable.

Based on data from Bank Indonesia in the economic report of Prov. Gorontalo in 2022, it was explained that the growth of MSME loans experienced quite good growth compared to the previous year. This is due to the improving global economic conditions due to the Covid-19 pandemic that hit the world in 2020 to 2021. In Gorontalo Province, the distribution of MSME business credit either through KUR or other credit mechanisms grew by 18.66% while NPL or bad credit was 6.26%. This shows that the performance of KUR towards the improvement of MSME businesses is very good. This NPL condition, although standardised, is above the threshold, but in terms of quality it is still considered good in terms of management.

Based on the report of the Gorontalo Economic Study in 2022, most of the credit channeled by banks is intended for MSME businesses, namely 38.12%. The amount of KUR distributed to MSME business actors ranges from 10 - 50 million. In terms of regional distribution, the largest KUR loans were distributed in Gorontalo Regency, including in Telaga Jaya and Mootilango sub-districts, amounting to 45%. In terms of rupiah figures, the amount of credit disbursed to MSME business owners in the form of KUR until the fourth quarter of 2021 amounted to Rp. 2,584 billion, growing by around 10% compared to the third quarter of the same year.

The above conditions reflect that the provision of KUR for MSME business actors has a very significant effect on increasing their business. This means that business actors are still very dependent on the supply of funds from loans to Banj in the form of KUR, given that the KUR credit distribution process is still considered easy and does not require a lot of complicated and difficult administration. From the results of an interview with one of the business actors, regarding the benefits of KUR for the business, it

was stated that this business had twice obtained KUR loan facilities, starting with 5 million, and the second time it had received 7.5 million, with an interest rate of 4 per cent per year. This is considered very low and relieves MSME business actors. With a daily income of 100 rb to 250 rb, they are considered capable of repaying their KUR loans in the range of 400 rb to 500 thousand per month.

Considering the important role of MSMEs in the regional economy, especially in the Telaga Jaya and Mootilango sub-districts, the sub-district government has collaborated with Bank BRI Telaga Unit in providing credit facilities in an effort to advance the economy of the community in the sub-district. This effort was made in order to facilitate business actors to be able to obtain KUR facilities. The sub-district government coordinates with villages in their respective areas to approach and identify business actors who are eligible for the KUR facility, so that this becomes part of the control function for the KUR distribution.

From the results of interviews with MSME business actors in Kecamatan Talaga Jaya and Kecamatan Mootilango, it was found that one of the attractions of KUR for MSME business actors was:

- a. Low interest rates on loans
- b. Does not charge large fees
- c. Easy and fast
- d. Flexible in payment (depending on the course of business)
- e. No collateral

These factors are the main reasons why MSME business owners tend to choose KUR facilities over other facilities such as simoan lending cooperatives and other financing institutions.

Existing policies are also a factor in the high interest of MSME businesses in gaining access to financing through KUR, such as the restructuring policy. During the Covid-19 pandemic, many of the MSME business actors who had KUR facilities received credit restructuring policies in the form of interest relief or interest write-offs, even up to the postponement of payments for 6 to 12 months.

This is a national policy that cannot be found in other financing facilities.

CONCLUSION

The conclusions in this study include:

- a. KUR is still the favourite for every MSME business in terms of access to business funding/financing.
- b. The convenience provided by BRI Telaga Unit in providing KUR facilities for business actors is a factor that causes high interest among business actors to apply for KUR facilities.
- c. MSMEs in the Kecamatan Telaga Jaya and Kecamatan Tilango areas are mostly engaged in the culinary trade, services and agriculture business sectors.
- d. Sub-district and village government support for business actors to obtain KUR facilities is also a means of controlling and supervising the smooth payment of KUR by MSME businesses.

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