

DISTRIBUTION OF CREDIT FOR MICRO, SMALL, AND MEDIUM ENTERPRISES OF MANDIRI BANK SINAKMA MARKET JAYAWIJAYA

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ABSTRACT

Purpose — *The People's Business Credit aims to increase access to financing for Small and Medium Enterprises to financial institutions with a guaranteed pattern through the People's Business Credit. People's Business Credit Guarantee is provided to increase access for Micro, Small, and Medium Enterprises to sources of financing to encourage national economic growth. Mandiri Bank is one of the State-Owned Enterprises established to assist Micro, Small, and Medium Enterprises in realizing business and maintaining business continuity.*

Design/methodology/approach — *The research method used is a qualitative method through a case study approach to determine whether the distribution of People's Business Credit can improve the welfare of Micro, Small, and Medium Enterprises.*

Findings — *The results showed that with the program from the government through the distribution of People's Business Credit which was channelled through Mandiri Bank of Wamena at Sinakma Market in the welfare of Micro, Small, and Medium Enterprises.*

Practical implications — *This research implication are used for the business sector, to be used as input for Mandiri Bank in distributing People's Business Credit, and namely for the development of Micro, Small and Medium Enterprises in Wamena City and as input for the government, namely Mandiri Bank of Wamena at Sinakma Market, so that the target can be achieved.*

Originality/value — *This paper presents several things that impact the distribution of People's Business Credit to Micro, Small, and Medium Enterprises. It is hoped that this case will help prove that the People's Business Credit can prosper the perpetrators of Micro, Small, and Medium Enterprises.*

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Keywords — *People's Business Credit, Micro, Small, and Medium Enterprises.*

Paper type — *Case study*

INTRODUCTION

The government launched the People's Business Credit program which had existed since the administration of Susilo Bambang Yudhoyono (SBY) on November 5, 2007, by facilitating credit loans through PT. Askrindo. The purpose of the People's Business Credit is to increase access to finance for Small and Medium Enterprises to financial institutions with a guarantee scheme through the People's Business Credit. People's Business Credit is credit/financing to Micro, Small, and Medium Enterprises in working capital and investment supported by guaranteed facilities for productive businesses. Micro, Small, and Medium Enterprises, which stands for Micro, Small, and Medium Enterprises, is regulated in Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises.

People's Business Credit is a program launched by the government, but the source of the funds comes entirely from Bank funds. It was proven that when the economic crisis hit Indonesia, the government relied on the role of Micro, Small, and Medium Enterprises to minimize the negative impact of the economic crisis. At that time, Micro, Small, and Medium Enterprises were a solution to absorb workers laid off due to Termination of Employment and provide additional sources of income for workers.

Various parties have recognized the role of Micro and Small Enterprises as exceptionally significant in the national economy. Every micro business that is founded requires capital assistance obtained from one of the financial institutions in Indonesia. It is the role of these financial institutions that play a role in providing capital for micro-entrepreneurs by channelling funds in the form of credit.

One of the banks that distribute People's Business Credit is Mandiri Bank. Mandiri Bank is a state-owned company established on October 2, 1998, which is formed from several banks, such as State Trade Bank, Bank for Export-Import Indonesia, Bank Bumi Daya, and the Indonesian Development Bank. Mandiri Bank was founded with the spirit of the economy of the four banks that became the forerunners of the establishment of state-owned banks which became the leading banks in Indonesia.

Various efforts made by Mandiri Bank, to be precise, Mandiri Bank KCP MMU Wamena at Sinakma Market which continues to support the existence and progress of Micro, Small, and Medium Enterprises, by providing capital assistance, namely People's Business Credit in the

Jayawijaya area, to be precise at Sinakma Market, so that it can have a good impact on Micro, Small, and Medium Enterprises.

The problem in this research is that collateral that is usually used as collateral by prospective customers cannot cover, the requirements for applying for credit to prospective customers are not bankable, and the loans taken are not intended for themselves, but for other people who can eventually become problems later day. Based on the description and existing problems, the authors are interested in raising the title: "The Impact of Community Business Credit Distribution for Micro, Small and Medium Enterprises Customers of Mandiri Bank Sub-Branch Office of Mandiri Mitra Usaha at Sinakma Market Jayawijaya Regency " .

METHOD

This research uses qualitative research with a case study approach. According to Boghdan and Bilden (1975), qualitative research is a procedure that produces descriptive data in the form of speech or writing and the attitudes of the people being observed. The use of the case study approach is intended to focus on the objects of Micro, Small, and Medium Enterprises that have received assistance from Mandiri Bank for People's Business Credit.

The sampling technique is a way to determine the research sample. This study uses nonprobability sampling, namely purposive sampling and snowball sampling. Primary data used in this study, which is used to obtain informants with non-probability sampling technique is the key informant (key informants), through purposive sampling, namely the Brand Manager of Mandiri Bank Supporting Branch Offices Mandiri Mitra Usaha (Sinakma Market Jayawijaya Regency, Customer Service Relations (CSR), Teller, Micro Credit Analysis, and Customers who receive People's Business Credit benefits. Meanwhile, informants obtained through snowball sampling are employees of PT. Mandiri Bank (Persero) Support Branch Office Mandiri Mitra Usaha at Sinakma Market, Jayawijaya Regency, namely: Micro-Credit Analysis, and the People's Business Credit beneficiary customers, so that the next informant was identified by the first informant, resulting in many informants.

Secondary data is all data obtained in a secondary way, namely in documents relevant to the research problem, which only complements the primary data, such as books, previous research journals, and information obtained from the research location. The research instruments used in this study were: (a) Interview Guidelines; (b) Field Notebook; and (c) Recording Equipment (Recorder). The data collection technique used is a strategic step that the researcher uses to obtain data, namely: (a) literature study; (b) In-depth interview (in-depth interview);

(c) Observation; and (d) Documentation. The data analysis technique used is data analysis, data analysis techniques from Miles and Huberman's (1994: 17), which consist of: (a) data reduction; (b) Presentation of Data; and (c) Draw Conclusions. Meanwhile, several methods were used to test the credibility of the data, namely: (a) Triangulation, (b) Prolonged Engagement in The Field, and (c) The Audit Trial.

FINDINGS AND DISCUSSION

Research results

a. People's Business Credit

Implementation of people's business credit according to the regulation of the coordinating minister for the economy Number 8 of 2019 is credit/financing for working capital or investment to debtors/individuals, business entities, and business groups that are productive and feasible but do not have additional collateral or additional collateral are insufficient, with the issuance of credit People's Enterprises by the government can help business actors with low-interest rates.

1) Increase and expand People's Business Credit distribution to productive businesses

In realizing the government's concern for business actors, the government has launched a people's business credit program to help increase business productively.

2) Increase the competitiveness capacity of small and medium enterprises

The role of People's Business Credit, which is so big and significant, must be maintained and developed to compete in developing a business. Overall, Micro, Small, Medium Enterprises are expected to fix the existing intense competition.

3) Encouraging economic growth and employment

To grow the economy and absorb human resources for business actors, PT. Mandiri Bank distributes the KUR program, which can assist business actors in developing their business.

b. Enterprises, Micro, Small and Medium Enterprises

In the Indonesian economy, micro, small and medium enterprises are business groups that have large numbers. In addition, this group has proven to be resistant to various kinds of economic crisis shocks, so it is imperative to strengthen the MSME group, which involves employment, trading businesses managed by

business entities or individuals who refer to productive economic ventures following the criteria set by Law Number 20 of 2008.

- 1) **Business Capital**
Capital is one of the essential factors of production activities. For business actors who have just established or started running their businesses, the capital is used to carry out business activities or expand those businesses and businesses.
- 2) **Sales Turnover**
The goal of a business actor is none other than to make a profit or turnover; there is an amount of money obtained through the sale of goods or merchandise that is produced or sold.
- 3) **Operating Profits**
In managing capital, business actors have the main objective of obtaining benefits in the form of profits, a component that never escapes the attention of business actors.
- 4) **Labor**
Developing a business requires workers who can cooperate with a company or business actor to develop the business. The workforce itself can do work to produce goods and services both to meet their own needs and for the community.

Discussion

a. People's Business Credit

According to the regulation of the coordinating minister for economic affairs Number 8 of 2019 concerning Guidelines for Implementing People's Business Credit, People's Business Credit is credit/financing for working capital and investment to an individual or individual debtors, business entities or business groups that are productive and feasible but do not have additional collateral or collateral. Not enough. The People's Business Credit Program has been running for 11 years.

- 1) Increase and expand the distribution of People's Business Credit to productive businesses.
- 2) The government has optimized the community's economy with the People's Business Credit distribution program, which was launched to help increase capital for business actors who are just pioneering or currently pioneering in developing ongoing businesses. The government aims to meet the needs and improve the community's welfare, especially Micro, Small and Medium Enterprises, in increasing the productivity of business actors. The results of the research that the informants have started show that People's Business Credit can develop a business, progress and take advantage of new business opportunities to improve the welfare of Micro, Small and Medium

Enterprises in line with Rahnawati's previous research (2018) The effect of giving people business PT. Bank BRI Malino Unit towards the income of micro and small businesses in the city of Malino. So it can be concluded that the provision of people's business credit is very influential in increasing the productivity of business actors.

- b. Increase the competitiveness capacity of small and medium enterprises

From the results of informant data through the People's Business Credit fund distributed to business actors, it can increase the number of goods so that stores and other businesses can complete the items needed for potential consumers. With the addition of goods, small and medium enterprises can gain traction to compete with other business actors.

- c. They are encouraging economic growth and employment. Through the distribution of People's Business Credit funds, Micro, Small and Medium Enterprises can increase their business and open up new business opportunities to improve the family economy and absorb labour through newly initiated businesses.

- 1) Micro, Small and Medium Enterprises

Based on Law Number 20 of 2008 concerning micro, small and medium enterprises in Article 3, which aims to grow and develop their businesses to build a national economy based on just economic democracy.

- a) Business Capital

Based on informant data, the business capital channelled through the People's Business Credit fund can increase the businesses of Micro, Small and Medium Enterprises, such as increasing the number of goods being sold, adding businesses, and starting new businesses.

- b) Sales Turnover

The sales turnover before the Covid-19 pandemic that was obtained by small and medium-sized businesses had increased because the supply of goods was very salty so that the needs of potential consumers were available. Covid - 19 business actors experienced a decrease in sales turnover due to the circulation of money that did not run smoothly, especially when there were restrictions on community activities. However, the obligation to pay instalments could still be fulfilled. Firia's previous research (2020) entitled the effect of working capital and community business credit on the increase of Micro, Small and Medium Enterprises. As a result, working capital credit affects the opinions of Micro, Small and Medium Enterprises.

- c) **Operating Profits**
Business profits obtained after receiving benefits from and funds from People's Business Credit for small and medium enterprises can increase the number of businesses and start new businesses to grow the welfare of business actors, marked by the addition of assets they currently have.
- d) **Labor Absorption.**
In distributing People's Business Credit funds, business actors can absorb labour by adding businesses and starting new businesses. They need labour or employees to help the productivity of the business that will run.

Previous research by Pratiwi, S., and Hakim, S. N. (2017) with the title analyzing the effect of own capital and people's business credit capital on the income of Micro, Small and Medium entrepreneurs in Toba Samosir Regency (Case study: PT Bank North Sumatra Balige Branch) so that income Micro, Small, Medium Enterprises increase after using. Meanwhile, on this occasion, the researcher found that the distribution of People's Business Credit has a reasonably significant role; besides being able to improve the community's economy, the People's Business Credit assistance also provides benefits, such as being able to increase income, expand business networks, and so on. It is hoped that further researchers will examine other variables more deeply, such as the role of the government in distributing People's Business Credit for Micro, Small, and Medium Enterprises.

CONCLUSION

Based on the results of data analysis, it is concluded that with the existence of a program from the government through the distribution of People's Business Credit which is distributed through Mandiri Bank of Wamena at Sinakma Market for the welfare of Micro, Small and Medium Enterprises.

a. People's Business Credit

The KUR Program issued by the Government, namely Mandiri Bank of Wamena at Sinakma Market, can help entrepreneurs (Micro, Small and Medium Enterprises) with low-interest rates, which can be seen from several indicators:

- 1) Increase and expand People's Business Credit distribution to productive businesses
The government, namely Mandiri Bank of Wamena at Sinakma Market, launched a people's business credit program to help increase business productively.
- 2) Increase the competitiveness capacity of small and medium enterprises.

- People's Business Credit has a huge role that must be maintained and developed in order to remain competitive in the existing intense competition.
- 3) Encouraging economic growth and employment
People's Business Credit can encourage economic growth because it can help increase income and open job vacancies for other people. After all, the business that is being run can experience developments that are possible requiring employees.
- b. Enterprises, Micro, Small and Medium Enterprises
The Micro, Small and Medium Enterprises group was able to withstand the threat of an economic crisis, with the following indicators:
- 1) Business Capital
The capital is used to carry out business activities or expand the business by using specific strategies.
 - 2) Sales Turnover
The sales proceeds received by MSME players can generate profits or turnover and be used again to add business products.
 - 3) Operating Profits
With the business being carried out, MSME actors can benefit from the business, and what can be used as business input is profit.
 - 4) Labor
To advance a business requires labour to help develop the business or business continuity.

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