

EVALUATION OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) FINANCING POLICIES FOR MSME ACTORS IN YOGYAKARTA

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ABSTRACT

The purpose of this study is to analyze financing policies for Micro, Small and Medium Enterprises (MSMEs) in the Special Region of Yogyakarta. Because MSMEs are the type of economic activity that is most widely carried out by the Indonesian people as a fulcrum in obtaining income for their survival. The role of MSMEs in the Indonesian economy is not only as an absorber of labor because the percentage reaches 90% when compared to large businesses, but also able to introduce various local products to the international world. The type of research carried out is qualitative research with descriptive analytical methods, descriptive data analysis. The results showed that the development of MSME business actors showed an increase. The main obstacles faced by MSME actors are limited business management and fear of taking risks. The lack of coaching and involvement of related agencies is also considered as a factor in the slow development of their business. However, the role of the government is needed in the sustainability and improvement of MSMEs in Yogyakarta.

Keywords: Evaluation; Policy; Financing; MSMEs

INTRODUCTION

Indonesia's national economic development depends on business activities carried out by the community, including Micro, Small and Medium Enterprises (MSMEs). MSME activities have a positive effect on developments in the economic sector. The existence of MSMEs is expected to be able to help improve the economic level of the community and become a solution to face social welfare problems.

The role of Micro, Small and Medium Enterprises (MSMEs) in Indonesia in overcoming various socio-economic problems such as unemployment, poverty and income inequality is very important for the national economy. Government support for MSMEs provides opportunities for MSMEs to be able to maintain and develop their businesses (Sasmita, 2021).

Similarly, the business world in DIY is currently still dominated by Micro, Small and Medium Enterprises (MSMEs). From the results of SE2016 Listing, the number of these businesses reached more than 524.9 thousand businesses or 98.36 percent of the total non-agricultural businesses in DIY. This business is also able to absorb DIY workers of more than 1,044.5 thousand people or around 78.98 percent of the total non-agricultural workforce. When the crisis hit Indonesia around 1997-1998, the condition of MSEs in proved to remain strong when other large businesses fell into bankruptcy (Badan Pusat Statistik, 2016).

Indonesia's economic condition is currently experiencing a decline due to the Covid-19 pandemic. According to the Central Bureau of Statistics, the number of unemployed people in 2022 is 0.96 million people due to covid-19 (Badan Pusatan Statistik, 2022). The Covid-19 pandemic has had a tremendous impact on various sectors, one of which is the MSME sector where business activities have experienced a very drastic decrease in buying interest, even to temporary closures that can be sustainable and cause MSMEs to go out of business (Lestari et al., 2021).

The advantages of MSEs in surviving the storm of crisis for various reasons First, MSEs generally produce consumer goods and services that are close to the needs of the community. Second, MSEs do not rely on imported raw materials and utilize local resources more in terms of human resources, capital, raw materials, and equipment. Third, generally MSE M businesses use relatively low capital. With these advantages, MSEs do not really feel the influence of the global crisis which is usually marked by a decline in the rupiah exchange rate.

Micro, Small and Medium Enterprises (MSMEs) are business activities that are able to help the community in income equality, accelerate economic growth, and aim to create a stable

economy (Sitoro, 2022). MSMEs are productive economic business activities managed by both business entities and individuals (Suryanti et al., 2021). So it can be concluded that MSMEs are types of businesses or businesses that are run individually or individually or as small business entities which are able to play an important role pillar for the contribution of the Indonesian economy. Because MSMEs are able to absorb 97% of the total workforce and 60.4% of the total investment, and MSMEs can utilize natural resources in a business. Based on this, MSMEs contribute greatly to regional income and play an important role in advancing the country's economic growth (Kementrian Investasi/BKPM, 2021). The government's efforts to provide assistance in the form of food and money continue to flow for the sustainability of the lives of its people,

However, this still cannot keep the wheels of the economy running. The government triggered a new order or habit called the new normal era to restore the wheels of the economy in Indonesia. In the new normal era, all activities have been allowed to return to normal, but of course with several conditions that must be obeyed, one of which is to continue to carry out health protocols. The imposition of adjustments for people who are not disciplined in carrying out activities during the pandemic in accordance with the protocol will be given sanctions or a deterrent effect (Muhyiddin, 2020).

Many MSME players are confused about starting to reopen their businesses. Given the importance of the role of MSMEs in terms of improving the wheels of the country's economy. The government has increased the People's Business Credit (KUR) loan subsidy in order to strengthen the role of MSMEs in improving the country's economy. KUR is a credit or financing that has not been bankable and is provided for micro, small and medium enterprises by *hyperbakan* with low interest (Mulyati, 2022).

The government has subsidized all KUR products in banks to be distributed to MSME players. Especially in red plate banks where they must be able to distribute KUR products evenly. The government officially raised the loan ceiling from IDR 285 trillion to IDR 373.17 trillion. The government also subsidizes KUR interest by 3% until the end of 2022. The government hopes that the subsidy can help MSME players so that the wheels of the country's economy continue to run. Therefore, the DIY Cooperatives and SMEs Office fully supports the government's movement by continuing to encourage MSME actors to make financing through KUR (Peraturan Gubernur (PERGUB) Tentang Peraturan Pelaksanaan Dana Keistimewaan, 2020).

The Department of Cooperatives and SMEs DIY is to assist the Governor in carrying out government affairs in the field of cooperatives and SMEs. The DIY Cooperatives and SMEs Office plays an active role in helping the distribution of KUR to the capital of MSME players, as evidenced by the increase in financing enthusiasts from the previous year. However, there are still many MSME actors who do not understand about KUR products so that many people have not yet financed the KUR, so the DIY Cooperative and SME Office performs its role as a channel mediator between financial institutions and MSME actors by educating about good KUR products.

Based on the above problems, this study aims to evaluate the financing policy of micro, small and medium enterprises (MSMEs) for MSME actors in the Itimewa Region of Yogyakarta, so that it can be right on target and sustainable, especially for MSME business actors in Yogyakarta.

RESEARCH METHOD

The type of research used by this research is descriptive qualitative with a literature review method. The data collection technique used is to use documents or records as the data source. This study applies content analysis as a technique to analyze data. Where begins with a needs analysis. Needs analysis is obtained by digging deeper data on actors involved in MSME relations.

The location of the research was conducted in the Special Region of Yogyakarta. This province was chosen because it has shown the existence of MSME actors who have been established since the past until now. And in DIY, there are many MSME business actors who operate and get policies from DIY government financing.

RESULT AND DISCUSSION

The condition of MSMEs in Yogyakarta

Micro, small and medium enterprises play a major role in improving the Indonesian economy. MSMEs are considered one of the effective ways of poverty alleviation. MSMEs can create job opportunities for domestic workers, thus helping to reduce unemployment. One area that has potential MSMEs is Yogyakarta which is the central trade province. The development of MSMEs in Yogyakarta from year to year shows a significant increase even though the growth of MSMEs in Yogyakarta still leaves many problems.

The government has a very strategic role in growing and developing MSMEs in the regions. With its characteristics that are relatively safe from external factors, such as global economic conditions, because they rely more on resources (raw materials) in the country, MSMEs are relatively easier to develop ((Renaldy et al., 2020). MSMEs have a very vital role in economic development.

Micro, Small and Medium Enterprises (MSMEs) are one of the most important parts of a country's economy. For developing countries such as Indonesia, MSMEs play a role in encouraging economic growth, employment and equitable distribution of development results to the rural level (Putranto et al., 2019) For Yogyakarta City itself as the capital of DIY Province has a fairly large number of MSMEs, especially on the scale of micro and small enterprises (MSEs).

In the Yogyakarta region, there are 521,000 MSME players divided into several sectors to facilitate classification according to business needs in their respective fields. Considering that every business or sector has different needs (Indahsari, 2022). The number of MSMEs in Yogyakarta in 2021 reached approximately 521,000 and 329,723 have been recorded as being assisted by the DIY Cooperatives and SMEs Office.

Identification of MSME Factors in Yogyakarta

According to Umar, the identification of internal factors is carried out by conducting an inventory of the internal critical success factors of an organization or company by taking into account the strengths and weaknesses that are considered important. Information from internal aspects which among others consists of aspects of management, finance, human resources (HR), marketing, information systems and production / operations. As for the identification of external factors, an inventory of external critical success factors from the organization or company is carried out. Data from external aspects evaluated are matters concerning economic, social, cultural, demographic, environmental, political, legal, technological, market competition and other relevant data (Putranto et al., 2019)

Based on the theory proposed by Umar, an analysis has been carried out on the external aspects of micro enterprises in Yogyakarta. So it can be identified the factors of opportunities and threats that are owned are as follows:

1. Opportunities
 - a. Population growth
 - b. Business training
 - c. Private party support (partnership)
 - d. Promotion
 - e. Technology availability
2. Threats
 - a. Out-of-region and imported products
 - b. Competition of similar products
 - c. Consumer purchasing power
 - d. Consumer interest in local products

The strength and weakness factors of micro enterprises in Samarinda City obtained from the results of analysis of internal aspects are as follows:

1. Power
 - a. Labor availability
 - b. Utilization of online media
2. Weakness
 - a. Product certification
 - b. Rental fee
 - c. Business skills
 - d. Availability of raw materials
 - e. Product packaging/display
 - f. Business management management.

Steps to Increase MSME Development in Yogyakarta

To encourage the increase of Micro, Small and Medium Enterprises (MSMEs), there are two things that will be done, namely digitalization and helping financing. Increasing the distribution of people's business loans (KUR) continues to be carried out to help finance (Nasution et al., 2023).

Therefore, it is necessary to pay attention to business actors to maintain quality with efforts to manage these MSMEs to profit and achieve prosperity for them. But this cannot be done maximally.

The steps that can be taken by stakeholders include:

1. Coaching

Coaching is an effort, action and activity that is carried out effectively in order to obtain better results (Nasution et al., 2023). Coaching is a process or development that includes a sequence of understanding, starting with establishing, growing, maintaining the growth accompanied by efforts to improve, perfect, and develop it. One definition, coaching is a process or development that includes a sequence of understanding, starting with establishing, growing, maintaining the growth accompanied by efforts to improve, perfect, and develop it. The goal of small business coaching is to develop a small business into a large business.

The success of the business, growth and development of MSMEs cannot be separated from the participation of various related parties in conducting coaching in the form of technical, non-technical training and coaching in the form of direct counseling to business actors. With their limitations, both limited capital, management, and market control, MSME players always need an active role from various parties to get information and education about their business development strategies (Suyadi & Syahdanur, 2018)

Actually, there are quite a lot of types of coaching and related agencies that provide training to MSME actors and sometimes it is done several times in the same year. All types of coaching above are sponsored and bridged by KADIN (Chamber of Commerce and Industry) as an interested party in the development of trade and industry businesses in a region. The Chamber of Commerce and Industry also acts as a liaison party between the interests of related agencies and MSME actors. In addition to conducting the training mentioned above,

Kadin also collaborates with other related agencies such as the Tourism Office, Industry and Trade Office and others in providing various guidance to develop industry and trade in Bengkalis district, especially for small and medium enterprises (MSMEs).

2. Promotion

Promotion is the most powerful means to attract and retain consumers. Promotion is a means of the company to introduce and provide product information to potential customers. There are several promotional techniques used such as individual or individual sales, exhibitions and advertising. Promotion is an element of the marketing mix that focuses on informing, persuading, and reminding consumers of the company's brand and products.

3. Micro Business Capabilities

Micro, Small and Medium Enterprises can be said to be capable if they have the ability to commodities or enter foreign markets and the ability to survive in these markets, and if a product has competitiveness, the products produced by MSMEs are in great demand by consumers. In competition, MSME products must have competitive advantages and are grouped into two types, namely natural advantages or absolute advantages and developed advantages.

4. Micro Business Welfare

Welfare is often associated with the process of distributing existing resources to the public, either in cash or in certain forms (cash benefits or benefits in kind). The concept of welfare is also closely related to socio-economic policies that strive to realize the welfare of the people in general. The welfare of MSMEs is very influential on MSME actors themselves. The welfare of MSMEs is a condition that shows the state of life of the community which can be seen from the standard of living of the community.

Government Policy in Supporting MSME Recovery Efforts

According to (Achmad, 2021), the main thing that must be done by MSMEs is to carry out a survival strategy in maintaining their existence. A survival strategy is a planned effort made by individuals or groups to obtain their goals and to solve the problems they are facing (Br Tarigan et al., 2022).

MSME recovery efforts have been taken by the government through the establishment of policies that ease the burden on MSME actors. The government provides policy support listed in PMK Number 86/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic in the form of tax incentives for article 21 income tax, article 22 income tax, and VAT. PMK Number 65/PMK.05/2020 concerning Procedures for Providing Interest Subsidies/Margin Subsidies for Credit/Financing of Micro, Small and Medium Enterprises in order to Support the Implementation of the National Economic Recovery Program provides convenience for MSMEs in paying principal and interest installments.

Business stimulus policies can be grouped into 8 policies, namely postponement of principal and interest installments for MSMEs, interest subsidies on MSME loans, tax incentives, Regional Incentive Funds (DID), special emergency working capital stimulus for MSMEs affected by COVID-19, working capital guarantees, participation in Bank Himbara, and Productive Banpres (Bappenas, 2020).

The successful implementation of government policies depends heavily on the collaboration of all components of business actors. However, the obstacle that occurs is the lack of evenly distributed policy areas to business actors, especially micro business actors due to limited access to obtain information. In addition, the results of the program evaluation revealed that the availability of beneficiary data has not reached the target and the assistance distributed has not been on target. This has an impact on the non-optimal benefits received by business actors.

CONCLUSION

The main financial problem faced by MSMEs is a decline in income. This decline in income raises a new problem, namely the difficulty in meeting non-variable expenses. Meanwhile, non-financial problems faced by MSMEs are related to demand shocks and supply shocks.

MSMEs have a large contribution to the Indonesian economy, the government must take part in supporting the recovery of MSMEs during the pandemic. In 2020, the government formed a national economic recovery design which included providing business stimulus to MSMEs. Business stimulus policies can be grouped into 8 policies, namely postponement of principal and interest installments for MSMEs, interest subsidies on MSME loans, tax incentives, Regional Incentive Funds (DID), special emergency working capital stimulus for MSMEs affected by COVID-19, working capital guarantees, participation in Bank Himbara, and Productive Banpres.

The success of MSME recovery lies in the ability of these MSMEs to adapt to survive in conditions. Some of the efforts that can be done are to maintain liquidity and cash flow, adapt to

existing conditions, carefully analyze various ways to survive in the new ecosystem, invest the best time possible, and remain calm in the face of various shocks. With these efforts, it is hoped that MSMEs can rise again as a support for the Indonesian economy.

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