THE ROLE OF KREDIT USAHA RAKYAT (KUR) TO MICRO AND SMALL BUSINESS DEVELOPMENT IN CITY BANDAR LAMPUNG

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ABSTRACT

This research is to investigate the effects of private capital and the role of the Micro Credit Program capital (KUR) for the development of small and micro-businesses (SMEs) in Bandar Lampung City. The research was conducted through questionnaires survey. The respondents were micro entrepreneurs who have received loan and Kredit Usaha Rakyat (KUR)

The types of data which gained was a primary data. It was obtained through a questionnaire survey techniques. At the same time, data analysis technique also have been used is multiple regression analysis. The results of this study show that there are positive and significant impact on a micro business operators in Bandar Lampung City which used individual capital or capital of Kredit Usaha Rakyat.(KUR). It can be conclude, the higher capital invested in the company, the income gained by the micro entrepreneur will be increase in Bandar Lampung city.

KEY WORDS
Micro and Small Enterprises (MSEs), Business Development, and
Kredit Usaha Rakyat (KUR).

1. Introduction

Indonesian government has made the welfare of its citizens as a priority in the national development. It can be shown by developing the main economic activities of the communities, creating a lot of jobs, enhancing the communities' incomes and reducing poverty. The above development targets can only be achieved if micro, small and medium enterprises (SMEs) are encouraged and utilized as innovation motto in order to support and achieve economic growth and stability.

Micro and small businesses is one of the main pillars of the national economy that should gain major opportunity, support, protection, and development as it is regarded as a manifestation of partiality firmly to the people's economic business group. Although the MSEs influence the national economy, they still face a variety of business climate constraints which include internal and external factors such as insufficient production, marketing, human resources, design and technology, capital needed in the business. Not many people have enough capital to start a business.

The role played by micro, small and medium enterprises in national and regional economies, particularly in the city of Bandar Lampung, naturally SMEs get the most attention for strengthening democratic

economy. Thus, it is expected that the provision of KUR can increase working capital of SMEs which impacts positively on the value of business products.

KUR is a credit or financing to SMEs in the form of working capital and investment guarantee facility supported for productive enterprises. KUR is a program initiated by the government, but the source of the funds comes entirely from the banks. Government gives assurance to KUR to bear 70% of the risk while the remaining 30% is borne by the executing bank. With KUR, SMEs are expected to develop their business to contribute to the national economy.

2. Criteria for Micro, Small and Medium Enterprises

1. Criteria Micro

M. Tohar (2001) defines micro-enterprises as economic activities that are small-scaled, and meet the net worth or annual sales and ownership as stipulated in the law.

2. Criteria for Small Business

Zulkarnain (2006) defines the notion of small business as the economic activities of the people who meet the following criteria:

     i.   Businesses that have a net worth of Rp 200 million, excluding land and buildings.

     ii.   Businesses that have annual sales of Rp 1 billion.

     iii.   Stand-alone business, not companies or branches of companies owned, controlled by, or affiliated, either directly or indirectly with a medium or large scale.

     iv.   Business entity owned by an individual, business entity that is not incorporated, including cooperatives.

3. Criteria for Medium Enterprises

Kartajaya (2007) is as follows: "Small and medium enterprises is a business categorized as micro, small, and medium if it has a workforce respectively of less than up to five people, between six to 20 people, and more than 20 people ".

2.2 Types of Micro and Small Enterprises (MSEs)

According to Yoka Herlina (2010), Micro and Small Enterprises (MSEs) cover a wide range of business sectors, such as agriculture, mining and quarrying, manufacturing, electricity, gas and water supply, trade, hotels and restaurants, transport and telecommunications sectors, the financial sector , leasing and services, and other services. The industrial sector is divided into several sections, namely food, beverages, tobacco, textiles, apparel, wood and wood products, paper printing and publication, as well as chemicals including fertilizers. This includes unisex products from rubber, cement and products of non-metallic minerals, products of iron and steel, transportation equipment, machinery and equipment, as well as other processes.

2.3 Factors Affecting Micro and Small Enterprises

1.   The difficulty of marketing
2.   Financial Limitations
3.   Limitations of Human Resources
4.   Production Problems

5.   Limitations of Technology

2.4   Credit

Muljono (2007), credit is the ability to execute a purchase or hold a promise of a loan with deferred payments that will be made on an agreed period. Actually, loan principal objectives in the provision of the loan is the provision of an asset as a tool to carry out its business activities, so credit (bank funds) given are no more than mere production factors. In this study, the credit in question is small loans, which are loans or financing to micro small and medium cooperatives (MSME-K) in Bandar Lampung in the form of working capital and investment guarantee facility supported for productive enterprises.

2.5   Kredit Usaha Rakyat (KUR)

Kredit Usaha Rakyat (KUR) is regulated by the government through the Minister of Finance No. 135 / PMK.05 / 2008 on the People's Business Credit Guarantee Facility that were amended by the Finance Minister Regulation No. 10 / PMK.05 / 2009. Small loans, hereinafter called Kredit Usaha Rakyat (KUR) is a credit or financing to micro, small and medium cooperatives (SME-K) in the form of working capital and investment guarantee facility supported for productive enterprises. Kredit Usaha Rakyat (KUR) is a program initiated by the government, but the source of the funds comes entirely from the banks. The government provides guarantees against the risk of Kredit Usaha Rakyat (KUR) by 70% while the remaining 30% is borne by the executing bank. Kredit Usaha Rakyat (KUR) Guarantee is given in order to improve the access of SMEs-K on sources of financing in order to encourage the growth of the national economy.

2.6   Business Development

According to Mahmud Mach Foedz (2005), business development is a trade that is done by a group of people who organized to gain profit by producing and selling goods or services to meet the needs of consumers.

According Tiktik Sartika and Soejoedono (2002), SMEs development strategy includes:

1. Business Partnership - The Partnership is a cooperative relationship between various parties' efforts and synergy, is voluntary in nature, and is based on the principle of mutual need, mutual support, and sating profitable accompanied by the promotion and development of SMEs by large businesses.

2. Capitalization of capital SMEs - SMEs are generally very weak, in terms of both initial capital mobilization (start-up capital) and access to long-term working capital for investments. There are three aspects to look into when SMEs wish to mobilize the necessary initial capital: financial assistance, technical assistance, and guarantee programs. Meanwhile, the banks and microfinance institutions facilitate in improving access to capital necessary for SMEs. However, the acceptance of SMEs to bank credit is still very low. More than 80 percent of bank credit is concentrated to the corporate segment, while the portion of loans granted to SMEs is only between 15-21 per cent of the total bank credit (Indonesian Financial Statistics, May 2004). To provide further financing assistance, SME credit scheme has been developed by Integrated Partnership Program, such as SOE Partnership Program and Community Development (CSR), a partnership program with rural banks, cooperatives and associations, and credit programs.

3. the venture capital firm is a business entity that conducts business in the development stage. in a The company will receive individual capital participation for a certain period of time. Financing with venture capital is different from the bank that provides financing in the form of loans or credit. Enterprises providing venture capital financing actually have direct capital investment into the company financed.

2.8 Source of Capital
2.1 Internal Sources of Capital

Capital from internal sources is formed or generated within the company itself. According to Ching F Lee and Joseph E. Finnerty (1990) in their book "Corporate, Theory, Method, and Aplications", Ways of spending refers to expenditures of the company or internal financing. This is an internal source of profits (retained net profit) and accumulated depreciation (accumulated depreciations).

2.2 Own capital

Capital comes from the owners of companies and is embedded in the company for an indefinite time ever. There are two sources of own capital, namely internal and external sources. Capital that is obtained from internal sources is in the form of profits produced by the company, while its own capital from outside the company is those that come from the owner of the company.

3. Method of Analysis of Data

In this study, quantitative analysis was done by using the multiple linear regression analysis. The reason being the study intended to examine the relationship between variables and observe the impact one had on the dependent variable.

3.2   Analysis Descriptive Statistics

Descriptive statistics were used to analyze the data to describe the sample data that had been collected in the actual conditions without the intention of making general conclusions or generalizations. Descriptive statistical analysis is used to provide an overview of the demographics of the respondents in the study and description of the variables.

3.3   Regression Analysis

Multiple regression analysis (multiple regression) is made with the models proposed by the Researchers using SPSS to predict the relationship between dependent and independent variables.

Based on the formulation of the problem and the theoretical framework that has been described previously, the research established the model as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e$$

y = Business Development
α = constant
x1 = individual capital
x2 = capital provision of KUR
β_1, β_2 = Coefficients
μ = term of error

4.   Results and Discussion

4.1 Desciptive Character Sample

This study used a sample. Sample in this study are some employers who have received assistance from the government through KUR in Bandar Lampung. In this study, small businessmen were selected based on purposive sampling (the desired criteria), aimed to take samples selected based on certain criteria. The criteria used is based on the consideration (judgment), so-called judgment sampling. Sampling on respondents conducted by purposive sampling Of the 50 questionnaires distributed in Bandar Lampung, 42 completed forms returned, 8 did not come back and 5 were declared defective / not filled. 37 questionnaires were completed and ready to be processed as research material, 37 sample questionnaire on individual capital variable has a minimum value of 12 and a maximum value of 20 with a mean (standard deviation) of 16.89 (2.025), while for the variable capital provision of KUR has a minimum value of 18 and a maximum value 25 of the mean (standard deviation) of 21.05 (2,081), while for the variable Business Development has a minimum value of 14 and a maximum value of 24 for the mean (standard deviation) of 20.08 (2.832).

4.2 Result Regression Equation

This analysis is used to quantitatively determine the effect of changes in the variables X1 (individual capital) and X2 (Capital of KUR) to variable Y (Business Development).

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e$

Business Development = 1,088 + 0,527EKU + 0,479KUR + e

Based on the results of the equation above shows that:

a. β_0 is a constant value of 1.088 means that the variables Individual capital and capital of KUR, then will increase business development by 1,088.

b. Individual capital coefficient values for X1 variable is 0.527 and is positive, this means that for every 1% increase in Individual capital, business development variable (Y) will increase by 0.527 assuming that the other independent variables from the regression model is fixed.

c. Capital of KUR coefficient value for the variable X2 is 0.479 and is positive, this means that every 1% increase in capital of KUR, the business development variable (Y) will increase by 0.479 assuming that the other independent variables from the regression model is fixed.

5. Conclusions and Suggestions

Analysis of the relationship between individual capital and business development found that the result is positive. According to the results from data collection, the value is significant at the 0.05 level of significance with p value of 0.019. These results are supported by the value t count 2.464> t table 2.080. The significant level is 0.019 < 0.05 which means that the data is valid as the individual capital influences development of business. Higher amount of individual capital results in higher gain by business.

Analysis of the relationship between capital of KUR and business development found that the result is positive. The value is significant at the 0.05 level of significance with p value of 0.027 for capital of KUR to development business. These results are supported by the calculation of t value 2.304> t table 2.080. The result from the research is valid as the significant level is 0.0027 < 0.05 which means that capital of KUR influences the development of business. Higher amount of capital of KUR provided translates into greater financial means for entrepreneurs in developing their businesses.

From the calculation of the regression coefficients, Capital Business Credit (KUR) has an influence on the income level of the entrepreneurs. The relationship is positive as higher capital People's Business Credit (KUR) obtained by the entrepreneurs affects the bigger change in the level of income is expected for owners of Micro and Small Enterprises (MSEs) in Bandar Lampung.

5.1 Recommendation

Based on the research, some suggestions that can be given among other things are:

1. Revenue - Micro and Small Enterprises (MSEs) will be further enhanced if the capital could be used to generate sufficient income that can be used to add raw goods or materials so that the capital will be able to generate revenue better. If the income of Micro entrepreneur and small enterprises (MSEs) increases, capital loans from banks and other financial institutions are no longer needed.

2. Loans granted to owners of micro, small and medium enterprises need to be maintained and continuously improved because small loans granted proven to increase the working capital of the micro small and medium-sized business through credit financing.

3. The need for an increased number of small loans to be channeled to the micro small and medium enterprises in Bandar Lampung. Small loans disbursed will be able to increase the income of micro small and medium enterprises in Bandar Lampung.

4. Cooperatives and micro and small businesses in the city Bandar Lampung as institutions that nurture the micro small and medium enterprises need to emphasize to these enterprises to continue to take advantage of small loans to improve working capital, which would affect the value of the products of micro, small and medium businesses.

5. Increased income of entrepreneurs Micro and Small Enterprises after getting People's Business Credit (KUR) in London should be retained until the revenue from the business entrepreneurs who run Micro and Small Enterprises (MSEs) can actually continue to increase without the aid of credit capital from banks and other financial institutions again.

6. Lending should really be increased as an addition to capital for Micro and Small Enterprises (MSEs) to see amplified results of the development of Micro and Small Enterprises (MSEs) in Bandar Lampung.

7. It is expected that further research can increase the number of samples and the sampling locations to be expanded not only limited to small business in the city of Bandar Lampung.

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