

The Effect of Providing People's Business Credit (Kur) Bri Palattae Unit on Increasing the Income of MSMEs in Lalepo Village, Kahu District, Bone Regency

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Abstract

This research aims to find out whether the provision of BRI Palattae People's Business Credit (KUR) has an effect on increasing MSME income in Lalepo Village, Kahu District, Bone Regency." This research was conducted in Lalepo village, Kahu District, Bone Regency over a period of 2 (two) months from April to May 2022. The type of research used in this research is quantitative research. The quantitative research method was chosen based on the philosophy of positivism, which is used to research certain populations or samples, with the aim of testing predetermined hypotheses. This research is quantitative research using a multiple linear regression model which is processed using the SPSS v16.0 for Windows application. Based on the results of the t test calculation (partial), the t-count value was 3.801 and the t-table was 2.014 with a significance level of 0.000. Because the t-calculated value is greater than the t-table with a significance smaller than 0.05 (5%), the results of this study indicate that the provision of People's Business Credit (KUR) at Bank Rakyat Indonesia Palattae Unit has a positive and significant effect on increasing income. MSMEs in Lalepo Village, Kahu District, Bone Regency amounted to 21.5%, while the remaining 78.5% were influenced by other variables which were not included in this research.

1. INTRODUCTION

Indonesia is one of the most populous countries in the world. With a high population level, there is a need for ample job opportunities to absorb all the workforce in Indonesia. One of the sectors capable of providing employment in Indonesia comes from Micro, Small, and Medium Enterprises (MSMEs). MSMEs play a crucial role in boosting the economy in Indonesia, both in terms of the types of businesses and job creation. MSMEs contribute significantly to workforce absorption, substantial exports, and an increase in Gross Domestic Product (GDP) income. In 2019, the MSME sector played a significant role in increasing GDP income by 60.51%, and it also had a high workforce absorption rate of 96.2%.

The majority of MSMEs in Indonesia are engaged in various fields, including agriculture, livestock, fisheries, mixed trading, and various service providers. The number of MSMEs increased from 5.799 million in 2013 to 65.46 million in 2019. Likewise, workforce absorption grew from 114.1 million people in

2013 to 119.56 million people in 2019. In Indonesia, one of the most commonly pursued livelihoods among the population is micro or small-scale trade. Most credit loans in Indonesia come from micro, small, and medium-sized enterprises (MSMEs), such as fruit vendors, mobile phone credit sellers, tailors, and home-based businesses. According to Tambunan (2013:2), MSMEs are productive business units that stand alone and are operated by individuals or business entities in all economic sectors.

MSMEs are a solution to minimize income inequality in society, as they are a resilient sector with high economic resilience. This has prompted the government to create programs that support grassroots economic empowerment. The People's Business Credit (KUR) program is one of the government's initiatives to improve financing access for micro, small, and medium-sized enterprises (MSMEs) and is expected to boost economic growth in Indonesia. One of the challenges faced by MSMEs is the lack of capital, which can hinder them from increasing production to

achieve higher revenue. To help increase income from MSMEs, the government has introduced the People's Business Credit (KUR) program, which provides financing access to Micro, Small, and Medium Enterprises (UMKM) through financial institutions.

This program aims to strengthen business capital capabilities to accelerate real economic development and empower MSMEs. In pursuit of this goal, the government issued Presidential Instruction Number 6 of 2006 on the policy of developing the real economic sector and empowering MSMEs. The KUR program was officially launched on November 5, 2007. The People's Business Credit (KUR) is a government program that provides financing access to micro, small, and medium-sized enterprises (MSMEs). This financing is channeled through designated lenders. With government initiatives to improve financing access, entrepreneurship development, and expand MSME product markets, KUR is an essential part of the strategy.

According to Law No. 10 of 1998 on banking, credit refers to the provision of money or bills that can be equated with it, based on a borrowing agreement that obliges the borrower to repay the debt after a certain period with interest. According to the Minister of Finance Regulation No. 14 of 2015, People's Business Credit is a credit or financing service provided by banks to feasible but not yet bankable MSMEs. According to Gustika (2016), People's Business Credit (KUR) is one of the credit or working capital and/or investment financing provided to micro, small, medium, and cooperative businesses in productive and viable but not yet bankable sectors, partially guaranteed by guarantee companies.

Research conducted by Ardilawati Fadlia (2019) shows that the provision of People's Business Credit (KUR) by Bank Rakyat Indonesia (BRI) Unit Kanrung Sinjai Branch has a positive and significant impact on income improvement in the Central Sinjai District of Sinjai Regency. The program is intended to strengthen capital capacity for the acceleration of economic development and empowerment

of Micro, Small, and Medium Enterprises (MSMEs) to enhance Indonesia's economic growth. KUR funding comes from banking funds provided for working capital and investment purposes, channeled to individual or group MSME entrepreneurs. KUR by Bank Rakyat Indonesia (BRI) is the largest KUR distributor in Indonesia. The distribution of KUR in Lalepo Village, Kahu Sub-District, Bone Regency, is currently solely provided by Bank BRI. Since the target and beneficiaries of KUR distribution are aimed at MSME entrepreneurs, the distribution carried out by BRI Unit Palattae also targets MSME entrepreneurs. Based on the background presented, the author has chosen the title "The Influence of People's Business Credit (KUR) from BRI Unit Palattae on the Increase in Income of MSMEs in Lalepo Village, Kahu Sub-District, Bone Regency.

2. LITERATURE REVIEW

A bank is a financial intermediary institution that is typically established with the authority to accept deposits, lend money, and issue promissory notes, known as banknotes. The word "bank" originates from the Italian word "BANCA," which means a place for exchanging money. According to Law No. 10 of 1998, the definition of a bank is a business entity that gathers funds from the public in the form of deposits and also channels these funds to the public in the form of loans or other forms, with the aim of improving the living standards of the general population.

According to Sentosa Sembiring (Hasyim Mohtar 2019: 61), a bank is a financial institution that collects funds from the public in the form of deposits and channels them to the public in the form of loans and various other forms with the goal of improving the standard of living for the community. According to Kasmir (2013:11), the definition of a bank is a financial institution whose primary activities include gathering funds from the public and redistributing them to the public while also offering various other banking services.

3. RESEARCH METHODS

The research conducted is of a quantitative nature, involving the collection of numerical data to test predefined hypotheses. It took place in Lalepo Village, Kahu Subdistrict, Bone Regency, over a two-month period from April to May 2022. The data utilized in this study is quantitative and was collected directly during the research process. The primary data source consists of information obtained directly from respondents. The research population comprises customers of Bank BRI Unit Palattae in Lalepo Village, Kahu Subdistrict, Bone Regency, who received Kredit Usaha Rakyat (KUR) facilities in 2021, totaling 50 individuals.

A purposive sampling technique was employed to select a sample of 50 customers from this population. Data was gathered through various methods, including questionnaires, library research, and documentation. These methods allowed for a comprehensive exploration of the research variables, which are the influence of KUR from BRI Unit Palattae (independent variable) and UMKM income (dependent variable). The analysis of data involved the application of simple linear regression, t-tests, and the coefficient of determination (R^2). Additionally, classical assumption tests were conducted to assess normality, multicollinearity, and heteroscedasticity within the data. In summary, this research used quantitative methods to investigate the impact of KUR from BRI Unit Palattae on UMKM income among 50 customers in Lalepo Village.

4. RESULTS AND DISCUSSION

4.1 Result of Research

This research is a type of quantitative research that uses data in the form of numbers as a basis for analysis. The research location was carried out in Lalepo Village, Kahu District, Bone Regency, over a period of 2 months, namely April to May 2022. The research population consisted of 50 customers who received People's Business Credit (KUR) from the BRI Palattae Unit in Lalepo Village, Kahu District, Bone Regency. All respondents

returned the questionnaire, so the data used in the analysis was complete data from 50 respondents.

Respondents were grouped by gender, with 18 people (36%) male and 32 people (64%) female. Respondents' educational levels included high school (26%), diplomate (34%), and bachelor's degree (40%), while there were no respondents with master's or doctoral levels of education. The majority of respondents had a bachelor's degree. Based on age, respondents were divided into age groups 25-35 years (40%), 36-40 years (38%), 41-49 years (20%), and over 49 years (2%). The majority of respondents were 25-35 years old.

Data analysis was carried out using simple regression with the regression model: $Y = 2.683E6 + 0.179X$. The results of the t test show that the variable Providing People's Business Credit (X) has a significant influence on MSME Income (Y) with a significance value below 0.05. In other words, the H_0 hypothesis is rejected, and the H_a hypothesis is accepted. The coefficient of determination (R^2) is 0.215, which indicates that 21.5% of the variation in MSME Income (Y) can be explained by the variable Providing People's Business Credit (X), while the remainder is influenced by other factors not examined in this research. All classic assumptions of regression, such as normality, homoscedasticity, and the absence of multicollinearity, are met.

The results of this research provide an understanding that the provision of People's Business Credit (KUR) from the BRI Palattae Unit has a positive impact on the income of Micro, Small and Medium Enterprises (MSMEs) in Lalepo Village, Kahu District, Bone Regency. As a note, it should be remembered that other variables may also influence MSME income and were not investigated in this study.

4.2 Discussion Of Research

The aim to be achieved in this research is to determine the effect of providing People's Business Credit (KUR) by Bank Rakyat Indonesia Palattae Unit on increasing MSME income in Lalepo Village, Kahu District, Bone

Regency. To fulfill these objectives, research was conducted on 50 sample respondents.

Based on the research results, it shows that the provision of People's Business Credit (KUR) at Bank Rakyat Indonesia Palattae Unit has a positive and significant effect on increasing MSME income in Lalepo Village, Kahu District, Bone Regency. This is proven by the results of the t test calculation (partial), which obtained a t-count value of 3,801 and a t-table of 2.014 with a significance level of 0.000. Because the t-count value is greater than the t-table with a significance smaller than 0.05 (5%), this research has succeeded in proving the hypothesis which states that "Providing People's Business Credit (KUR) at the Palattae Unit of the People's Bank of Indonesia has a positive effect and significant impact on increasing MSME income in Lalepo Village, Kahu District, Bone Regency." Providing People's Business Credit (KUR) sourced from the Bank Rakyat Indonesia Palattae Unit has indirectly helped the community in obtaining capital loans to assist customers in developing Micro, Small and Medium Enterprises (MSMEs) and improving community welfare.

The results of the regression calculations have shown consistency with the theory put forward by Palisuri, P., & Suriani, S. (2021), that MSME development can be seen from sales income, showing that there is a significant difference after receiving BRI people's business credit funds. The people's business credit provided by BRI has a significant influence on the development of micro, small and medium enterprises. So this could have a difference in previous sales income and after receiving BRI people's business credit funds.

The results of this research are also in line with research conducted by Kurnia Sari, M. Ridwan Tikollah, Sitti Hajerah Hasyim (2017) which shows that providing People's Business Credit has a positive and significant effect on the income of shallot farmers in Baraka District, Enrekang Regency. Likewise, research conducted by Dewi Angraini, Syahrir Hakim Nasution (2013) shows that the effect of providing People's Business Credit (KUR) is

positive or it can be said that the greater the own capital provided, the higher the level of income that will be obtained. by MSME entrepreneurs and vice versa.

5. CLOSING

5.1 Conclusion

Based on the results of the research that has been carried out, it can be concluded that the provision of People's Business Credit (KUR) by Bank Rakyat Indonesia Palattae Unit has a positive and significant influence on increasing the income of Micro, Small and Medium Enterprises (MSMEs) in Lalepo Village, Kahu District, Bone Regency. This is proven by the t-count value which is greater than the t-table, namely 3.801 compared to the t-table value of 2.014, with a significance level of 0.000 which is smaller than 0.05 (5%).

5.2 Suggestions

Some suggestions that can be given are as follows:

For Bank Rakyat Indonesia (BRI):

- a. Banks need to increase their accuracy in analyzing prospective debtors who receive People's Business Credit (KUR) to minimize the risk of bad credit.
- b. It is necessary to carry out more intensive outreach to the public regarding People's Business Credit (KUR) so that the public understands the benefits and procedures for using it.

For Customers/MSMEs:

- a. Customers are expected to comply with all requirements determined by the bank both in applying for credit and repayment.
- b. The use of credit funds should be directed towards increasing business capital which can have a positive impact on MSME income.

For Further Researchers:

It is recommended for future researchers to consider adding other independent variables that might influence the effect of providing People's Business Credit (KUR) on MSME income other than the variables used in this research.

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