

THE EFFECT OF PEOPLE'S BUSINESS CREDIT ON THE PERFORMANCE OF MSMEs WITH DIRECT CASH ASSISTANCE AS A MODERATION VARIABLE

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Abstract

This research is quantitative research with an exploratory approach, an approach that uses a number of previous studies as the main reference in order to obtain elements of novelty and research gaps in the research being carried out. The data used in this research is primary data that researchers obtained through online distribution to rural communities who have MSMEs with a net income of under 5 million. The questionnaire that the researchers distributed contained several statements, namely strongly agree, agree, normal/so-so, disagree and strongly disagree. These data were analyzed using the smart PLS 4.0 analysis tool. The result in this research show that the the Community Business Credit variable can have a positive relationship and have a significant influence on MSME performance because the P-Values value is positive and is below the significance level of 0.05, namely 0.013. This is because People's Business Credit can make MSME capital stronger so that MSME stakeholders can innovate more, produce more varied products, and other things so that ultimately they can improve MSME performance. In contrast to the results of the first hypothesis, in the results of the second hypothesis, the third table of the Path Coefficient shows results that are inversely proportional if the Direct Cash Assistance variable cannot influence employee performance because the P-Values value is above the 0.05 significance level, namely 0.062. This is because the Direct Cash Assistance does not relate to business needs but rather personal needs and other things. Thus, the first hypothesis in this research can be accepted and the second hypothesis in this research cannot be accepted.

Keywords: Career Development, Employee Performance ,Incentives

1. INTRODUCTION

The most important part of banking management is how to manage available funds. Of the available funding sources, the majority is allocated to credit. Because that's where the bank's biggest income comes from interest on credit enjoyed by customers. Therefore, credit management is the most important task of operational management. Credit is always coveted by the wider community. Banks will also always try to increase fund collection in order to provide larger credit. Providing credit is the backbone of banking activities. If we look at the bank balance sheet, it will be seen that the bank's assets side will be dominated by the large amount of credit. Likewise, if we observe the bank's income side, we will find that the bank's largest income is from interest income and credit provisions (Abdullah 2017).

The term credit comes from the Greek word credere which means trust (truth or faith). Therefore, the basis of credit is trust. A person or an entity that provides credit (creditor) believes that the credit recipient or debtor in the future will be able to fulfill everything that has been promised (Narastrri 2020). In general, the author concludes that credit is a trust given to someone in the form of a loan of money or goods which will later be returned according to the agreement.

Credit has several elements, namely 1) Trust, namely a belief in giving credit that the credit given (in the form of money, goods or services) will actually be received again in the future. 2) Agreement This agreement includes an agreement between the credit giver and the credit recipient. This agreement is stated in an agreement where each party signs their rights and obligations. 3) Term Each credit granted has a certain period of time, this period includes the agreed credit repayment period. 4) Risk: A repayment period will result in a risk of non-collection/non-payment of credit. 5) Remuneration is a benefit from providing a credit or phase which we know as interest (Margono 2021).

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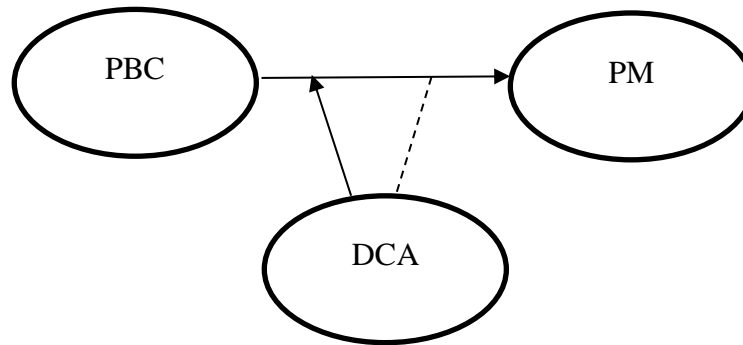
People's Business Credit (KUR) is a government priority program in supporting MSMEs in the form of a policy of providing credit or financing for working capital and/or investment to individual or individual debtors, business entities, and/or business groups that are productive and viable, but do not have sufficient collateral. The objectives of implementing the KUR program include, among other things, increasing and expanding access to financing for productive businesses, increasing the competitive capacity of micro, small and medium enterprises (MSMEs) and encouraging economic growth and employment (Heriyanto and Leon 2022). The People's Business Credit was launched by President Susilo Bambang Yudhoyono on November 5 2007, supported by Presidential Instruction No. 5 of 2008 concerning the Focus of the 2008-2009 Economic Program to ensure the implementation or acceleration of the implementation of KUR, various conveniences for MSMEs were also offered by the government. Some of these include resolving problem loans for MSMEs and providing MSME credit of up to IDR 500 million. This Presidential Instruction is supported by Minister of Finance Regulation no. 135/PMK.05/2008 concerning KUR Guarantee Facilities (Mochtar 2019). The KUR guarantee of 70 percent can be covered by the government through PT Asuransi Kredit Indonesia (Askrindo) and the Business Development Facility Company and 30 percent is covered by the Implementing Bank. In the initial stages of the program, unsecured People's Business Credit (KUR) was provided only by banks appointed by the government, namely: Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI), Bank Mandiri, Bank Syariah Mandiri, State Savings Bank (BTN), and Bank Bukopin. The distribution of guarantee patterns is focused on five business sectors, such as: agriculture, fisheries and maritime affairs, cooperatives, forestry, and industry and trade. This unsecured People's Business Credit (KUR) is intended to help the economy of small people's businesses by providing loans to the businesses they establish with relatively low interest, namely around 9%. (Pratama et al., 2017).

Based on the explanation above, researchers believe that the presence of People's Business Credit is effective in improving MSME performance. There are a number of previous studies that support the researchers' assumptions, namely (Suginam, Rahayu, and Purba 2021); (NUR FAUZIAH 2019); (Agustin 2022) & (NURUL RESKI ISLAMIAH 2022) show a positive relationship and significant influence on MSME performance.

Different from the four studies above, this study adds the variable Direct Cash Assistance as a moderating variable.

2. RESEARCH METHODS

Figure 1
Model



Noted:

PBC: People's Business Credit

POM: Performance Of Msmes

DCA: Direct Cash Assistance

The first image given the title research model shows that the researcher aims to analyze People's Business Credit on MSME Performance by adding the Direct Cash Assistance variable as a moderating variable. Previously there had been a number of studies that had similar objects, namely research (Suginam, Rahayu, and Purba 2021); (NUR FAUZIAH 2019); (Agustin 2022) & (NURUL RESKI ISLAMIAH 2022) which analyzed the influence of the People's Business Credit variable on MSME Performance. The difference with this research lies in the addition of a moderating variable, namely the Direct Cash Assistance variable (Sihaloho, Ramadani, and Rahmayanti 2020). This research is quantitative research with an exploratory approach, an approach that uses a number of previous studies as the main reference in order to obtain elements of novelty and research gaps in the research being carried out (Cung 2023). The data used in this research is primary data that researchers obtained through online distribution to rural communities who have MSMEs with a net income of under 5 million (Cung 2023). The questionnaire that the researchers distributed contained several statements, namely strongly agree, agree, normal/so-so, disagree and strongly disagree (Agustin 2022). These data were analyzed using the smart PLS 4.0 analysis tool with the hypothesis formulation below.

Hypothesis:

H1: The Influence of People's Business Credit on Performance Of Msmes

H2: Direct Cash Assistance Can Moderates The Influence of People's Business Credit on Performance Of Msmes

3. RESULT AND DISCUSSION

Validity Test

In this study, researchers used primary data which contained 16 question items with details of 6 variable question items for People's Business Credit, 6 question items for the

MSME Performance variable, and 4 question items for the Cash Direct Assistance variable. The 16 questions distributed must be validated first. The following are the results of the validity test in this research (Ghozali 2016):

Table 1
Validity Test

Variable	Question Item	Loading Factor
People's Business Credit (X1)	KUR can increase MSME capital	0.831
	KUR can make MSME fundamentals stronger	0.859
	KUR can increase the valuation of MSMEs	0.862
	KUR can increase employee innovation	0.871
	KUR can make products more varied	0.833
	KUR can improve MSME performance	0.845
Performance Of Msmes (Y)	MSME performance can be influenced by KUR	0.921
	MSME performance can be influenced by strong capital from MSMEs	0.915
	MSME performance can be influenced by creative innovation from MSMEs	0.908
	MSME performance can be influenced by the strong fundamentals of MSMEs	0.905
Direct Cash Assistance (Z)	Direct cash assistance can make MSME fundamentals stronger	0.972
	Direct Cash Assistance can strengthen MSME capital	0.979
	Direct cash assistance can make MSMEs more creative in releasing products	0.969
	Direct cash assistance can improve MSME performance	0.991

Validity Test > 0.70

Reliability Test

This research uses 14 question items which must be validated first, namely 6 question items for the People's Business Credit variable, 4 question items for the Performance of Msmes variable, and 4 question items for the Direct Cash Assistance

variable which have been validated. The next stage is a reliability test with the following statistical results. (Sarstedt et al. 2014):

Table 2
Reliability Test

Variable	Composite Reliability	Cronbach Alfa	Noted
People's Business Credit	0.891	0.850	Reliable
Performance Of Msmes	0.935	0.894	Reliable
Direct Cash Assistance	0.952	0.901	Reliable

Reliable > 0.70

Path Coefisien

After passing the validity and reliability testing stages, this research entered the final stage, namely the Path Coefficient. At this stage, the aim is to prove the 2 hypotheses proposed by the researcher, namely that the People's Business Credit variable can have a positive relationship and a significant influence on MSME Performance and the Direct Cash Assistance variable can strengthen the influence of the People's Business Credit variable on MSME Performance with the results below (Hair 2010):

Table 3
Path Coefisien

	Variable	P-Values	Noted
Direct Influence	PBC->POM	0.013	Accepted
Indirect Influence	DCD* PBC->POM	0.062	Accepted

Significant Level < 0.05

In accordance with the hypothesis proposed by the researcher, the People's Business Credit variable can have a positive relationship direction and a significant influence on MSME Performance and the Direct Cash Assistance variable can strengthen the influence of the People's Business Credit variable on MSME Performance. From the statistical presentation of the third table of Path Efficiency above, it can be concluded that the Community Business Credit variable can have a positive relationship and have a significant influence on MSME performance because the P-Values value is positive and is below the significance level of 0.05, namely 0.013. This is because People's Business Credit can make MSME capital stronger so that MSME stakeholders can innovate more, produce more varied products, and other things so that ultimately they can improve MSME performance. This is in line with a number of previous studies (Suginam, Rahayu, and Purba 2021); (NUR FAUZIAH 2019); (Agustin 2022) & (NURUL RESKI ISLAMIAH 2022). In contrast to the results of the first hypothesis, in the results of the second hypothesis, the third table of the Path Coefficient shows results that are inversely proportional if the Direct Cash Assistance variable cannot influence employee performance because the P-Values value is above the 0.05 significance level, namely 0.062. This is because the Direct Cash Assistance does not relate to business needs but rather personal needs and other things. Thus, the first hypothesis in this research can be accepted and the second hypothesis in this research cannot be accepted.

4. CONCLUSION

In accordance with the hypothesis proposed by the researcher, the People's Business Credit variable can have a positive relationship direction and a significant influence on MSME Performance and the Direct Cash Assistance variable can strengthen the influence of the People's Business Credit variable on MSME Performance. From the statistical presentation of the third table of Path Efficiency above, it can be concluded that the Community Business Credit variable can have a positive relationship and have a significant influence on MSME performance because the P-Values value is positive and is below the significance level of 0.05, namely 0.013. This is because People's Business Credit can make MSME capital stronger so that MSME stakeholders can innovate more, produce more varied products, and other things so that ultimately they can improve MSME performance. This is in line with a number of previous studies (Suginam, Rahayu, and Purba 2021); (NUR FAUZIAH 2019); (Agustin 2022) & (NURUL RESKI ISLAMIAH 2022). In contrast to the results of the first hypothesis, in the results of the second hypothesis, the third table of the Path Coefficient shows results that are inversely proportional if the Direct Cash Assistance variable cannot influence employee performance because the P-Values value is above the 0.05 significance level, namely 0.062. This is because the Direct Cash Assistance does not relate to business needs but rather personal needs and other things. Thus, the first hypothesis in this research can be accepted and the second hypothesis in this research cannot be accepted.

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