

Business Development Acceleration through MSME-Friendly Financial Institutions in Wetland Areas in Banjarmasin City

Noor Hidayati¹, Rizki Muslim Hidayat²

^{1,2}Universitas Lambung Mangkurat

Email: noor.hidayati@ulm.ac.id

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Abstract

The aim of this research is to create acceleration in business development through financial institutions that are friendly to MSMEs. The specific objectives are to analyze the characteristics of MSME-friendly financial institutions in the wetland areas of Banjarmasin City, to identify the profile of MSME-friendly financial institutions in the wetland areas of Banjarmasin City, and to analyze business development through MSME-friendly financial institutions in the wetland areas of Banjarmasin City. The research method utilizes a quantitative approach with research instruments and is supported by in-depth interviews to map out issues and policies in MSME development as well as existing financial institutions in Banjarmasin City in credit disbursement and assistance to MSMEs. The research results are as follows: 1) Data processing results of productive business criteria with higher final weight values, and dominance compared to other aspects/criteria by experts, thus it can be concluded that productive business aspects/criteria can be considered as one of the accelerations in business development through MSME-friendly financial institutions in Banjarmasin City. Furthermore, financing pattern aspects/criteria with a final weight value of 23.7%, and financing schemes with a final weight value of 20.8%. 2) Data processing results of AHP using Expert Choice 11 show that the priority/alternative financial institutions with higher final weight values with a weight value of 31.7%, and dominant compared to other priority/alternatives by experts, thus it can be concluded that priority/alternative accelerations for development can be considered as one of the acceleration strategies for business development through MSME-friendly financial institutions in Banjarmasin City. Furthermore, priority/alternative accelerations for development with a final weight value of 26.6%, business management with a final weight value of 24%, and credit disbursement mechanisms with a final weight value of 15.7%.

Keywords: stock price, dividen per share, earning per share

INTRODUCTION

In today's highly competitive era, MSMEs need to undergo development aimed at adding value to their products. One form of development that must be undertaken is technological change or innovation, which can ultimately increase productivity, production efficiency, as well as the quality and competitiveness of products. Currently, MSMEs, which dominate business units in Indonesia, are

generally managed informally with low levels of education among business managers (Hafni and Gozali, 2017).

From a production perspective, MSMEs face challenges related to the suboptimal skills of their workforce, which in turn affect their ability to increase business productivity. Human Resource (HR) capacity hinders the acceleration of MSME performance, and in the context of nurturing and developing MSMEs in the future, adequate HR readiness or capacity is needed. However, the reality is that currently, the quality of HR in Indonesian MSMEs is still low. This was also stated by Akumandiri (2021), who mentioned that the average education level of MSME HR is still relatively low. This condition will ultimately affect the ability of MSMEs to access various information, utilize production technology, understand the importance of legality and licensing aspects (including processing), and utilize information technology in reaching markets.

MSMEs play a significant role in the economy. According to data from the Ministry of Cooperatives and SMEs, the current number of MSMEs reaches 64.2 million with a contribution to GDP of 61.07% or equivalent to IDR 8,573.86 trillion. The number of MSMEs in South Kalimantan is recorded at 461,762 with a contribution to South Kalimantan's GRDP of 61.05% (BI South Kalimantan, 2021). MSMEs also employ 54.81% of the workforce in South Kalimantan, totaling 1.16 million workers. The significant role of MSMEs is not without challenges, one of which is financing. Financing is a crucial aspect in increasing the capacity and scale of businesses, where financing support can also be the key for MSMEs to survive and transform.

Low MSME financing also occurs in South Kalimantan, as reflected in survey results indicating that the main source of financing for MSMEs comes from personal funds at 43%, while financing from banking institutions is only 30% (BI South Kalimantan, 2021). This was also stated by the Ministry of Cooperatives and SMEs, which mentioned that approximately 30 million MSMEs in Indonesia currently do not have access to formal financing (Ministry of Cooperatives and SMEs, 2021). Similarly, survey results found that 72% of 250 respondents stated that MSMEs use their own capital in running their businesses (Haryanti, 2019). Furthermore, several factors causing MSMEs to be unable to access bank loans include collateral constraints, perceived high interest rates, immediate installment payment patterns, and inflexible financing schemes.

The financing aspect in Micro, Small, and Medium Enterprises (MSMEs) is always interesting to study, although financing is not the only problem, credit distribution support for MSME development is still a crucial aspect. The development of Micro, Small, and Medium Enterprises (MSMEs) needs significant attention from both the government and society to be able to grow more competitively alongside other economic players.

The national strategy in MSME development from the Ministry of Cooperatives and SMEs of the Republic of Indonesia, where business development is financed through credit from financial institutions friendly to MSMEs. In 2021, with the slowed credit distribution, MSME credit in South Kalimantan also experienced limited growth with improved credit quality. In the third quarter of 2021, the share of MSME credit in South Kalimantan to total credit was recorded at 22.71%, an increase from 21.93% in the second quarter of

2021. Meanwhile, MSME credit distribution in the third quarter of 2021 grew by 5.49% to IDR 15.24 trillion, a slowdown from 6.62% or IDR 15.22 trillion in the second quarter of 2021. The deceleration in MSME credit distribution mainly comes from the deceleration in the growth of medium-scale business credits. In the third quarter of 2021, medium-scale business credits grew slower compared to the previous quarter, from 27.02% to 3.98%. Meanwhile, micro and small business credits grew by -18.01% and 24.35%, respectively, in the third quarter of 2021, an increase from -29.16% and 14.04% in the previous quarter. The trade sector was the largest in the distribution of MSME credit in South Kalimantan in September 2021.

In the third quarter of 2021, the spatial development of MSME credit in Banjarmasin city amounted to IDR 18,997.84 billion and represented the largest share among the 13 districts in South Kalimantan. In order to support MSME strengthening in South Kalimantan, the government plays a role in disbursing micro and ultra-micro financing by banking institutions through interest subsidies in the People's Business Credit (KUR) program and Ultra Micro Financing (Umi). The amount of KUR disbursed in South Kalimantan until the third quarter of 2021 amounted to IDR 3.26 trillion. Based on city/district, the highest realization of KUR is in Banjarmasin city, reaching 21.73%, with the number of debtors in Banjarmasin city reaching 15,067 (BI South Kalimantan, 2021).

Furthermore, the contradiction in this research is the number of poor people in Banjarmasin city in 2021 reached 34,839 and was the highest in South Kalimantan province. Based on this issue, research is needed with the title "Business Development Acceleration through MSME-Friendly Financial Institutions in Banjarmasin City".

METHODS ANALYTICAL HIERARCHY PROCESS (AHP)

The Analytical Hierarchy Process (AHP) as a decision-making method for the decision support system that is being constructed. The AHP method is one of the methods in the decision-making process, which is built based on three principles, namely the hierarchy construction principle, priority determination principle, and consistency principle. The following are the stages of the AHP method:

1. Hierarchy Construction Principle

The top level of the hierarchy is the focus or objective. The levels below it are criteria. If further decomposition is possible, the next level is called sub-criteria, and so on until the final level, which consists of the alternatives to be chosen. The following is the hierarchical structure:

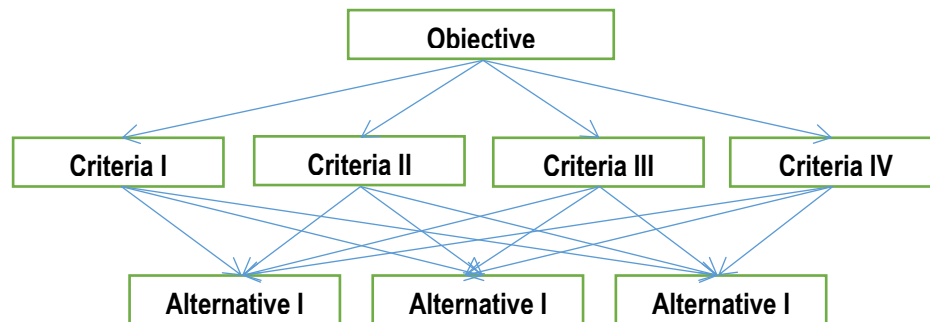


Figure 1. Hierarchical Structure

2. Priority Determination Principle

Prioritization is done by comparing one element with another in the form of a matrix. This method is called pairwise comparison. In this calculation, a comparison scale from 1 to 9 is used. This comparison scale is called the fundamental scale, derived based on an individual's ability to make pairwise comparisons of the elements being compared. The following is the AHP comparison scale table:

Table 1. AHP Comparison Scale

Scale Value	Explanation	Information
1	Equal importance	Both elements have the same influence
3	Somewhat more important one over the other	Experience and judgment significantly favor one element over its counterpart
5	Fairly important	Experience and decisions show a preference for one activity over another
7	Very important	Experience and decisions show a strong preference for one activity over another
9	Absolute importance	One element is absolutely preferred over its counterpart, with the highest level of confidence
2, 4, 6, 8	Midpoint values between two adjacent values (for compromise)	If compromise is needed

RESULTS AND DISCUSSION

3. Accelerated Business Development Model through MSME-Friendly Financial Institutions in Wetland Areas in Banjarmasin City

The data processing results using Expert Choice 11 from expert respondents (MSMEs, Local Government, Higher Education Institutions, and Companies), the following figure shows the percentage results of criteria and alternatives for Accelerated Business Development through MSME-Friendly Financial Institutions in Wetland Areas in Banjarmasin City using Expert Choice 11 software:

CONCLUSION AND RECOMMENDATIONS

Conclusion

Based on the tested data and interpretations conducted, the following conclusions can be drawn:

1. Dividend per Share (X1) significantly influences stock prices (Y) partially in retail trade sub-sector companies listed on the Indonesia Stock Exchange (BEI) from 2016 to 2022.
2. Earning per Share (X2) significantly influences stock prices (Y) partially in retail trade sub-sector companies listed on the Indonesia Stock Exchange (BEI) from 2016 to 2022.
3. Dividend per Share (X1) and Earning per Share (X2) significantly influence stock prices (Y) simultaneously in retail trade sub-sector companies listed on the Indonesia Stock Exchange (BEI) from 2016 to 2022.

Recommendations

Based on the research findings, several recommendations can be made:

For Companies:

It is advised to devise effective strategies to handle declining economic conditions. Reconsider financial performance by examining net profits, cash flows, and financial ratios to ensure the ability to distribute dividends and provide earning per share value to investors.

For Investors:

Exercise caution and diligence in selecting stocks, whether for long or short-term plans. Pay attention to a company's ability to generate net profits annually, avoiding high fluctuations in dividend distribution and earning per share value. Additionally, compare companies within the same industry to gain insights into which companies excel in dividend distribution and EPS value.

For Future Researchers:

Focus on empirical studies conducted by previous researchers to analyze the statistical influence of independent variables on the dependent variable of interest. Compare different companies within the same industry to discover the latest research outcomes. Lastly, study phenomena occurring during the research period by identifying issues with both independent and dependent variables.

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