



Micro Business Strategies in Facing Capital Problems (Case Study on Pajeng Cokelat Blitar)

Dwita Indriyani

Univesitas Islam Negeri Sayyid Ali Rahmatullah Tulungagung, Indonesia

Address: Jl Mayor Sujadi Timur No. 56 Tulungagung

Author's correspondence: dwitaindriyani10@gmail.com

Abstract. Micro, Small and Medium Enterprises (MSMEs) have an important role in the Indonesian economy, especially in facing economic crises such as the 1998 monetary crisis and the COVID-19 pandemic. MSMEs are at the forefront in creating jobs and contributing to economic growth, even though they face various challenges, including capital problems. This research uses a qualitative approach with a case study type. This research uses primary data collected from interviews with the owner of Pajeng Cokelat. Pajeng Cokelat is a micro business located in Blitar and makes various kinds of processed chocolate to be used as snacks. The owner of Pajeng Cokelat is active in participating in training activities aimed at improving skills both related to marketing and the products produced. The results of this research highlight the government's efforts to overcome capital problems through programs such as People's Business Credit (KUR) and business training. However, increasing financial literacy is needed, especially in the context of sharia finance, to support the sustainable growth of MSMEs. By overcoming these challenges, MSMEs can continue to play a role in driving the national economy.

Keywords: MSMEs, Capital, Entrepreneurship

1. INTRODUCTION

Micro, Small and Medium Enterprises or better known as MSMEs have an important role in the Indonesian economy. MSMEs became pioneers of economic revival after the 1998 monetary crisis (Khairunnisa et al., 2022) and the COVID-19 pandemic (Wahyunti, 2020). The number of MSMEs in Indonesia until 2021 is 64,199,606 MSMEs with details as in the table below.

Table 1.

Number of Micro, Small, and Medium Enterprises/MSMEs in Indonesia by Class

No.	Nama Data	Nilai
1	Usaha mikro	63.955.369
2	Usaha kecil	193.959
3	Usaha menengah	44.728
4	Usaha besar	5.550

Source: (Databoks, 2023)

Based on this data, the number of micro businesses is the largest when compared with small businesses, medium businesses, and large businesses. This is because the micro business sector includes agricultural and non-agricultural sectors, for example: 1) wholesale and retail

trade; 2) accommodation service providers; 3) food and beverage businesses; 4) processing industry (Anindita, 2021). According to another opinion, micro businesses are classified into two, namely: 1) livelihood, micro businesses whose nature is to earn a living, for example street vendors; 2) micro, micro businesses that are quite developed and have an entrepreneurial nature but are not yet able to carry out export activities.

Quoted from the article uploaded by (Prakoso, 2023) on the Bisnis Indonesia page, it is explained that the very large development of MSME players has given rise to several problems faced by MSME players, including: 1) Lack of digital literacy in both marketing and finance; 2) Lack of ability of MSME players to increase capacity, quality and productivity to contribute to the global economy and trade; 3) the need to expand financial access for MSME players and balance it with financial literacy, considering that only 25 percent of Indonesian MSMEs have financial access; 4) The need for environmental awareness in facing global threats.

The micro business sector also experiences various problems so it is necessary to receive more intense assistance because micro business actors are vulnerable to developments in things such as digitalization and product innovation from competitors. Therefore, micro business actors need to develop their abilities and mindset to be able to overcome all the challenges that exist in the market. In 2024, the Ministry of Cooperatives and SMEs of the Republic of Indonesia (KEMENKOPUKM) will create various micro business assistance programs. This program can be accessed by all micro business actors through the SMesta portal. This is the government's effort to encourage micro business actors to develop their businesses and expand their market share and hopefully go international (Kemenkopukm, 2024).

Based on research from (Sulfati, 2018) explained that MSME problems are divided into two, namely internal factors and external factors. One of the internal factors that influences is capital problems. This problem is overcome by offering the People's Business Credit (KUR) program. Providing KUR is balanced with assistance and outreach to prospective debtors so that they can develop their businesses so that MSMEs are more empowered. This is in line with research (Yazfinedi, 2018). It was explained that limited capital makes it difficult for MSMEs to develop their businesses. Without sufficient capital, the products produced are very limited so market coverage is also limited. This has resulted in the potential of MSMEs not being able to be developed optimally.

This research was conducted at Pajeng Cokelat in Blitar. Pajeng Cokelat is a micro business that operates in the field of processing chocolate to be used as snacks. In the process of starting the Pajeng Cokelat business, the owner encountered various problems in terms of

capital, human resources, management, marketing, and so on. However, this can be overcome by the owner of Pajeng Cokelat. One of the obstacles related to capital found a bright spot with financing through the BRI KUR program so that chocolate production can continue and can be developed to this day. Apart from that, Pajeng Cokelat owners upgrade their skills by following programs provided by the Regional Government. The output of the program that is followed is to advance the micro-enterprises owned and most importantly to overcome capital problems which are often a nightmare for MSMEs.

2. THEORETICAL STUDY

Micro, Small, and Medium Enterprises (MSMEs)

Based on (Undang-Undang Republik Indonesia Nomor 20 Tahun 2008 Tentang Usaha Mikro, Kecil, Dan Menengah) which was later replaced with (Undang-Undang Republik Indonesia Nomor 6 Tahun 2023 Tentang Penetapan Peraturan Pemerintah Pengganti Undang-Undang Nomor 2 Tahun 2022 Tentang Cipta Kerja) explained the definition of Micro, Small and Medium Enterprises (MSMEs). Micro businesses are businesses owned by individuals or business entities that have net assets of a maximum of IDR 50,000,000.00 (fifty million rupiah) excluding land and buildings where the business is located and have annual sales proceeds of a maximum of IDR 300,000,000.00 (three hundred million rupiah). Small businesses are businesses owned by individuals or business entities that have net assets of more than IDR 50,000,000.00 (fifty million rupiah) up to a maximum of IDR 500,000,000.00 (five hundred million rupiah) excluding land and buildings where the business is located and have annual sales proceeds of more than IDR 300,000,000.00 (three hundred million rupiah) up to a maximum of IDR 2,500,000,000.00 (two billion five hundred million rupiah). Medium businesses are businesses owned by individuals or business entities that have net assets of more than IDR 500,000,000.00 (five hundred million rupiah) up to a maximum of IDR 10,000,000,000.00 (ten billion rupiah) excluding land and buildings where the business is located and has annual sales proceeds of more than IDR 2,500,000,000.00 (two billion five hundred million rupiah) up to a maximum of IDR 50,000,000,000.00 (fifty billion rupiah).

The Role of MSMEs in the Indonesian Economy

MSMEs in Indonesia have a very crucial role. In 1998 there was a very large monetary crisis which had a multiplier effect. MSMEs can survive and encourage the Indonesian economy to recover, this is because companies including MSMEs are not too dependent on large capital or loans from abroad in dollars. Fluctuations in exchange rates have an impact on large companies that deal in foreign currencies (Khairunnisa et al., 2022).

The COVID-19 pandemic that occurred in 2020 shows the role of MSMEs in maintaining economic stability through implementing a people's economy, even though MSMEs are also the ones hardest hit by the pandemic. MSMEs are at the forefront of job creation, business innovation, adaptation and mitigation of negative economic, social and environmental impacts as well as business operations for economic growth. MSME development aims to achieve Sustainable Development Goals (SDGs) by encouraging the community to realize One Village One Commodity/Product (OVOC/P) through the Entrepreneurship Training Center training center by looking at macro commodities in the surrounding environment (Wahyunti, 2020).

Based on research from (Arvitio, 2017) explained that the role of MSMEs in economic growth is very large, namely with Gross Domestic Product growth of 60.5%. This is able to restore Indonesia's economic condition after being hit by the COVID-19 pandemic. The emergence of many new MSMEs is a positive trend that is encouraging because this accelerates economic turnover and encourages people's creativity. This presentation is in line with research from (Sarfiyah et al., 2019) that the contribution and role of MSMEs requires synergy between the government and society in order to strengthen MSMEs as pillars of the nation's economic development.

Capital

Capital is something that is used as provision to do something or a business to fulfill its operational activities which comes from its own capital or other sources of capital (Atun, 2016). Capital is not only in the form of money or money but also determination, experience, courage, knowledge and networking, however, monetary capital is something that often becomes a problem for MSMEs. Business capital is a business factor that must be available before carrying out business activities. The amount of capital depends on how big the business will be established. Capital is divided into two, namely: 1) tangible capital, tangible capital in the form of movable and immovable goods; 2) intangible capital, intangible capital in the form of creative ideas (Purwanti, 2012).

MSME Management

When carrying out business activities, it is necessary to pay attention to various aspects that support the achievement of business goals. MSME players must think holistically because every aspect of management is related to the development of the business or the demise of the business. There are several criteria that must be managed well, including: 1) finances, MSME players are prohibited from mixing personal finances and business finances. In addition, it is necessary to record incoming and outgoing transactions so that business profits are considered

when making decisions; 2) human resources, MSME players need to initiate the level of creativity and education of employees, this is because human resources will determine product innovation that competes fairly with competitors; 3) risk, every business has problems and risks, MSME actors must take into account the level of risk because this will affect the possibility of losses received by MSME actors; 4) Marketing, MSME players need to see that marketing is a complex matter, not only a matter of product distribution but also the suitability of the products offered; 5) Production, product can be interpreted as quality so it is important to maintain the quality and quality of products so that they comply with established standards (Khairunnisa et al., 2022).

3. RESEARCH METHODS

This research uses a qualitative approach. A qualitative approach is an attempt to ask questions, collect specific data on informants for analysis aimed at finding the underlying motives for human behavior (Kusumastuti, Adhi ; Khoiron, 2019). This is because qualitative research is related to subjective assessments. This research is a type of case study research with the research location at one of the micro businesses called "Pajeng Cokelat". The data used in this research is primary data by conducting interviews with Mrs. Setiarini as the owner of Pajeng Cokelat and adding previous research that is relevant to this research.

4. RESULTS AND DISCUSSION

MSMEs have a very important role in the Indonesian economy, as evidenced by their ability to maintain economic stability during times of crisis, such as the monetary crisis in 1998 and the COVID-19 pandemic in 2020. Even though MSMEs have also been hit by the impact of the pandemic, they remain at the forefront in creating employment, innovating, and adapting to difficult economic conditions. Apart from that, developing MSMEs is also a means of achieving Sustainable Development Goals (SDGs) by encouraging communities to develop local commodities through training and assistance provided by the government (Khairunnisa et al., 2022; Wahyunti, 2020).

MSMEs face one of the main problems in starting a business, namely capital problems. Even though capital is not only in the form of money, lack of financial capital is often the main obstacle in developing a business. This capital problem was also experienced by Pajeng Cokelat. To overcome this problem, the government has offered various programs such as People's Business Credit (KUR) which is accompanied by assistance and outreach so that MSMEs can develop their businesses more

empowered. The availability of capital also allows MSMEs to increase production and expand market coverage, thereby contributing more to economic growth (Sulfati, 2018).

The KUR program is the choice of MSME players, this is also carried out by Pajeng Cokelat owners in overcoming capital problems, especially financial capital. Pajeng Cokelat took KUR with the aim of increasing production and keeping production maintained both in terms of quality and quantity. However, based on the results of interviews with the owner of Pajeng Cokelat, so far he has used financing from Bank Rakyat Indonesia (BRI), which we all know is that BRI is one of the conventional banks in Indonesia. Based on research from (Nursjanti et al., 2023) conventional financial literacy has reached 37.7%, while sharia financial literacy has only reached 8.9%. This lack of sharia financial literacy is one of the reasons why Pajeng Cokelat owners have not financed micro businesses with sharia financial institutions. In this case, the government together with the Sharia Economic Community (MES) and other parties must work together in providing understanding regarding sharia finance both normatively and in the policies issued.

The capital needed by MSME actors is not only in the form of finance but also in the form of business training (skill upgrading). The owner of Pajeng Coklat took part in several trainings, including: 1) digital marketing training; 2) MSME stage; 3) MSMEs move up a class; 4) Basic product photography training; 5) Training on the legal legality of food products; 6) Food PKP Training; 7) Berdasi (Competitive and outstanding for MSMEs to advance to class); 8) and so on. The owner of Pajeng Cokelat realizes that apart from capital in the form of money, capital is needed in the ability to carry out entrepreneurship, so it is necessary and important to take part in these activities.

Based on research (Yulastri et al., 2019) relating to training explained that a training model is needed to overcome the following problems: inadequate understanding of the meaning of entrepreneurship; lack of entrepreneurial attitude and character; inadequate managerial capabilities; and inadequate mastery of information technology. The goal of this training is to increase talent, productivity and well-being in the workplace by providing the necessary tools and techniques. In this regard, it is also discussed in research (Anggraeni et al., 2013), the Micro, Small and Medium Enterprises (MSME) development program will be a safety valve in the event of a financial crisis because it will increase people's purchasing power. Considering that MSME business activities cover almost all business disciplines, their contribution to increasing the income of low-income communities is quite large, so that MSME growth becomes a very crucial factor in driving the national economy.

5. CONCLUSION

Micro, Small and Medium Enterprises (MSMEs) have an important role in the Indonesian economy, especially in maintaining economic stability and creating jobs, even though they are affected by the economic crisis and pandemic. One of the main problems faced by MSMEs is capital, which can be overcome through programs such as People's Business Credit (KUR) and business training. However, it is important to increase financial literacy, especially in the context of sharia finance, to support the sustainable growth of MSMEs. By overcoming these challenges, MSMEs can continue to contribute positively to the national economy.

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