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by Lena Ellitan

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The Role of Microfinancial Institutions from The Member's Perspective

Author: Ninuk Muljani¹; Lena Ellitan²; Yulius Koesworo³

Affiliation: Faculty of Business, Widya Mandala Catholic University Surabaya, Indonesia^{1,2,3}

E-mail: ninuk2011@yahoo.co.id¹; ellistya@yahoo.com²; Kosala4802@hotmail.com³

ABSTRACT

This research has objectives: 1. To know and analyze the role of microfinance institutions for member business development. 2. To know and analyze the linkage between the performance of microfinance institutions and business performance of members. 3. To know the rights granted by microfinance institutions to members. 4. To identify member's liabilities related to lending. 5. To identify the constraints facing members to get credit. 6. To know and analyze member strategies in building trust. 7. To identify the efforts of microfinance institutions to develop member businesses. Data collection is done by Focus Group Discussion. The informants of this research are 16 members from 5 participating Credit Union (CU), ie Pukat, Dharma P.S., Mapra, Tirtadana and Dwijasa. The results show that CU has the role of providing additional capital venture capital and business training. CU performance is related to the performance of SME members, because the better the performance of CU it will be easier members get additional business capital and CU can provide education and training of entrepreneurs, so that member businesses are growing. CU that has a poor performance will hamper efforts to disburse loan funds. The ability of members in returning loans is very influential for the development of CU, therefore the attitude of active and conscious members of carrying out obligations that have been agreed together is needed to keep CU safe and can grow for the common prosperity.

Keywords: Micro Finance Institution, Member Business Development.

1. INTRODUCTION

1.1 Background of the Study

Increasing public welfare is characterized by economic growth. "Economic growth is the principal means for human development that is human capability and empowerment and the utilization of their labor in the growth process through work activities" (UNDP, 1986 in Joehartini and Musa, 2005). Recognizing this, the Surabaya City Government continues to make efforts to boost business growth in Surabaya, one of them through Small and Medium Enterprises (SMEs). The Mayor of Surabaya Tri Rismaharini always emphasizes its citizens to open their own jobs, because in this way the unemployment rate can automatically be reduced. Currently Surabaya has about 3,000 SMEs from total SMEs in 2010 as many as 92 SMEs (<http://economy.okezone.com>, 2016). In fact, 92 percent of investment growth in Surabaya comes from SMEs and by 2016 this investment growth is targeted to reach 7 percent, up from 2015 by 6 percent (<http://www.smartbisnis.co.id>, 2016).

Looking at the strengths of micro entrepreneurs, micro business opportunity to become a partner for microfinance institutions in distributing micro credit to entrepreneurs is very big. It is due financial is one of the valuable resource of SMEs (Ellitan, 2017) The problem is how much trust the microfinance institutions to channel funds to this business? If intend to make micro entrepreneurs as the main entity in the economic empowerment of the people, it is required courage to take the decision that the problem of local economic development mainly focused on empowering micro entrepreneurs.

There are several issues that make the strategic role of this micro enterprise generally difficult to develop. According to Irfan Wahid, a member of KEIN, UMKM is still struggling with five problems: (1) lack of manpower, (2) lack of innovation, (3) lack of branding ability, especially packaging and marketing, (4) networking and (5) Access to capital (www.koran-jakarta.com, 2016). While members of DPD RI Budiono during a visit to the Riau provincial government also said that the problem of MSMEs are all the same, namely the difficulty in getting access to capital, but it is also difficult to take care of the legality of business (www.bengkelumkm.com, 2016).

For UMKM entrepreneurs, the main problem faced to develop the business is additional capital (accessibility to capital). This is reinforced by the results of interviews D. N. Handito reporter with Sutaryono one of the entrepreneurial craft made from pandan leaves from Soropadan, Bantul that has been able to penetrate foreign markets. According to Sutaryono, the desire to expand his business has always been hampered by capital problems, and he feels complicated when applying for a loan to the bank (http://jogja.tribunnews.com, 2016).

From the above explanation can be disclosed business sector of micro entrepreneurs implies the great potential as a domestic force, if it can be managed and developed properly will certainly be able to realize a tough middle business. However, on the other hand, the business is still faced with a fundamental problem that outlines: Firstly, it is still difficult to access SMEs in the market for the products it produces; Second, weak development and strengthening of business, and third, limited access to financing sources from formal financial institutions especially from banks

This limited access can certainly hamper the development of micro enterprises, therefore the need for local financial institutions (local financial institutions) to support the acceleration of micro-enterprise development in the region. Local financial institutions relevant to the development of micro-enterprises are known as microfinance institutions (MFIs). In essence, the MFI takes on a pioneering mission, which bridges communities, especially marginalized groups and micro-entrepreneurs, in obtaining microcredit before dealing with formal banking with conditions that are often difficult to meet by these communities. It

also plays a role in improving the capacity of poor households, as well as helping to strengthen capital for the development of micro-scale economic enterprises that are difficult to serve by banks because of the large number of people to serve and the insignificant amount of credit for most banks.

1.2 Identification of The Problems

Based on the above conditions, two alternatives to overcome unemployment are through enhancing the empowerment of micro entrepreneurs and at the same time strengthening microfinance institutions so that both parties can become effective and efficient partners. Therefore, this research problem can be formulated as follows:

1. What is the role of microfinance institutions for the development of member businesses as micro business actors?
2. Is there a link between the performance of microfinance institutions and the member's business performance?
3. What are the rights granted by microfinance institutions to members?
4. What are the obligations of members associated with microfinance institutions in providing credit?
5. What are the constraints faced by members as micro business actors to obtain credit from microfinance institutions?
6. What are the member strategies in building trust provided by microfinance institutions?
7. What are the efforts of microfinance institutions to develop member businesses?

1.3 The Purpose of The Research

Based on the formulation of the above problems, then the purpose of this study can be formulated as follows:

1. To know and analyze the role of micro finance institutions for the development of business members as micro business actors.
2. To know and analyze the linkage between the performance of microfinance institutions and business performance of members.
3. To know the rights granted by microfinance institutions to members.
4. To identify member's liabilities related to microfinance institutions in providing credit?

5. To identify the constraints faced by members as micro entrepreneurs to obtain credit from microfinance institutions.

6. To know and analyze member strategies in building trust provided by microfinance institutions.

7. To identify the efforts of microfinance institutions to develop member businesses.

1.4 Significance of The Study

The results of this study will be useful for microfinance institutions as a basis for designing more flexible products that fit the conditions faced by members as micro entrepreneurs.

2. LITERATURE REVIEW

2.1 Microfinance Institutions

Microfinance institutions are actually institutions established to provide microfinance services to low-income customers. Mc Gui⁶ and Conroy (1999) argue that microfinance is the provision of financial services, especially savings and loans to poor households who do not have access to formal financial institutions.

Microfinance Institutions (MFIs) can also be social intermediation (Ledgerwood, 2000) such as group formation, self-confidence development and training in management and finance skills among members of the group, and participate in humanitarian activities such as natural and post-disaster events (Nagarajan, 1998), so the MFI is a development tool.

MFIs can be non-governmental organizations, savings and loan cooperatives, government banks, commercial banks or non-bank financial institutions. While MFI customers have the characteristics of low-income entrepreneurs in both urban and rural areas. Its activity usually results in a stable source of income. Although poor, they are generally not the poorest, the poorest of the poorly extremely poor (Robinson, 2001).

One of the MFIs established by the community is the Credit Union (CU). CU is a cooperative that has a single business, namely savings and loans as a business or main business. This credit cooperative usually arises on the initiative and consensus of a group of people who feel they have a common need and interest to mobilize a common capital, especially from savings to lend among

themselves, at an adequate interest rate in accordance with mutual agreement (<https://magdalenasintauli.wordpress.com>, 2013) Credit Union has three main principles (www.kompasiana.com, 2015), namely:

- the principle of independence / self-reliance (savings only obtained from members)
- the principle of loyalty / solidarity (loans only to members)
- the principle of awareness / education (character building, only good, diligent and honest characters can be members)

2.2 Small and Micro Enterprises

In Indonesia, as stated in Law no. 20 Year 2008 Articles 1 and 6, "Micro Enterprises" means productive enterprise for individuals and / or individual entities with net assets of Rp 50,000,000, - excluding land and building of business premises, and having annual sales proceeds at most Rp 300,000,000, -. While Small-scale Business is a stand-alone productive enterprise, conducted by an individual or business entity which is not a subsidiary or not a branch of a company owned, controlled or become part directly or indirectly from Medium-sized Enterprises or Large Enterprises with net worth more from Rp 500,000,000, - up to a maximum of Rp 500,000,000, - excluding land and building of business premises, and having annual sales proceeds of more than Rp 300,000,000, - up to a maximum of Rp 2,500,000,000, -. (Saiman, 2009)

According to BPS (Riadi, 2013), micro-enterprises are businesses with less than 5 employees, including additional unpaid family members. Meanwhile, Small Business is a business with the number of workers 5 to 19 people including businessmen.

2.3 Constraints In Financing Small and Micro Enterprises

Some of the constraints / problems faced by Micro Finance Institutions in financing small and micro enterprises are:

1. Small and micro businesses are unable to provide collateral. Even if there are legal documents the ownership of such collateral is inadequate.

2. Characteristics of small and micro enterprises have a high level of mobility that often move places or switch business types.

3. Many small and micro businesses do not have adequate financial administration. Often expenditures for daily household use are included in the company's financial books.

In view of the above conditions, SMEs need strict monitoring, meaning that the financing / banking institution should be located in a center where small and micro businesses are located. Thus, efforts to develop small and micro enterprises not only provide and expand microfinance institutions, but also must provide appropriate capital / fund support and other services such as transactions services and information needs related to routine needs and business needs.

3. RESEARCH METHODS

The type of this research is descriptive qualitative. The purpose of this study is to reveal facts, circumstances, phenomena, variables and circumstances that occur when the study goes and serve what it is (www.informasi-pendidikan.com, 2013).

3.1 Elements Described in Research

Referring to the formulation of the problem, the elements in this study include: micro credit services, business development, performance of micro entrepreneurs and constraints faced by micro entrepreneurs. Here are the details of the research elements.

Elements of Research	Definition	Variable Measurement
Micro Credit Services	Lending to Micro Enterprises in accordance with the mission undertaken by the MFI	<ul style="list-style-type: none"> The average nominal of loans disbursed by MFIs to micro enterprises that are divided into investment credits, working capital loans and consumption loans The number of clients receiving credit from the MFI. Customer distinguished individuals and business entities.
Business development	Level of business development	(1) business "survival", (2) new business at start up stage, (3) business is running but not developing, (4) "viable" business, with small growth, (5) Growth rather large.
Performance of Micro Entrepreneurs	Success rate of business activities undertaken by micro entrepreneurs in terms of assets, turnover, profits, absorbed labor, employee welfare, skills, and social status.	<ul style="list-style-type: none"> The development of micro entrepreneurs' assets in the last 3 years The development of micro entrepreneurs turnover in the last 3 years The development of profit earned by micro entrepreneurs in the last 3 years The amount of labor absorbed in the last three years Increasing the prosperity of micro-entrepreneurs Improving the skills of micro-entrepreneurs Increased social status of micro-entrepreneurs in the community
Constraints faced by Micro Entrepreneurs	Constraints faced by micro entrepreneurs in utilizing credit services MFIs	<p>Survey of literature:</p> <ul style="list-style-type: none"> Interest rate Capital The location of the MFI office Quality and HR Management Facilities and infrastructure owned by the MFI Operating costs An MFI credit / product scheme The quality of services provided by the MFI

3.2 Research Informants

The informants of this research are: micro business actors who join as credit union member (CU) in Surabaya who receive loan facility. In this case there are 16 business actors joined in five credit unions (CU) that participated from CU Pukat, Kopdit Dharma P.S, Mapan Sejahtera (Mapra), Tirtadana and Dwi Jasa.

3.3 Data Collection Procedures and Method

To answer the research question, the data collection method is done in Focus Group Discussion (FGD). FGD is a research method, defined as "a process of gathering information about a very specific problem specific through group discussion" (Irwanto, 1988). FGD methods include qualitative methods.

3.4 Data Analysis Technique

Qualitative data analysis according to Moleong (2007) is an attempt done by working with data, organizing data, sorting it into manageable units, synthesizing it, searching and finding patterns, discovering what is important and what is learned, and decide what can be told to others. Based on the above definition, then the data analysis begins by conducting in-depth interviews with informants who really understand and know the situation of the object of research, then the researchers write the results of the interview into transcripts and read carefully to then do data reduction. Data reduction is done by taking and recording information that is useful in accordance with the context of research, so that the core of the sentence is obtained but the language corresponds to the language of the informant.

4. FINDINGS AND DISCUSSION

Business Participants of the five Credit Union who participated in the Focus Group Discussion were sixteen members from five participating CUs, 3 members of PUKAT members, 2 members of Kopdit Dharma PS, 5 members from Mapan Sejahtera (Mapra), 4 members of Tirtadana and 2 members of Dwijasa. The business actor is a selected sample that provides a complete response to the required data. The profile of the companies participating in this research is viewed in terms of the business field, the old company operating, the assets held, and the general performance achieved

Table 2. Linkages between Credit Union Performance and Business Performance

Respondents	The linkage between CU performance and business performance
CU Pukat	There is a linkage, because - CU that makes my trading business growing - CU gives very low credit interest compared to KSP or loan shark, so I can get a good profit and increase the spirit for the business - CU helps when needing additional funds in my trading business
Kopdit Dharma P.S	There is a linkage, because - CU and members alike need that is for CU survival and business survival - When requiring fresh funds CU can provide cash loans
CU Mapra	There is a linkage, because - Help with capital issues that are at any time required for business development - If CU can help capital, then do not bother looking elsewhere
CU Tirtadana	There is a linkage, because - CU can assist in terms of training and loans for venture capital - CU helps the development and maintenance of business smoothness - With the CU, the results of the business increase, also increase the business capital - for increased capital and networking
CU Dwi Jasa	There is a linkage, because - as a member is entitled to apply for loan and CU party to help provide loan - CU and entrepreneurs feel mutual trust

during the last 3 years. Full FGD results are tabulated in Tables 1 through Table 7.

FGD results with CU members indicate responses that are normative in nature. CU members have self centered that CU should serve and what matters is how the existence of CU can help member's finances, both for family needs and increase business capital without collateral and help develop the business with the fast process by providing entrepreneurship education and training.

Table 1. Role of Credit Union in Member Business Development

Respondents	The role of CU in business development
CU Pukat	- Helping the needs of family life - Helping family finances - Minimize credit interest - Helping the growing trading business
Kopdit Dharma P.S	- Helping to provide business capital credit - Helps with capital
CU Mapra	- Help provide business capital - Helps give credit
CU Tirtadana	- Very helpful in financial terms - Helps increase capital - Providing education and various business training - Provide capital loans and business development - Help build networks with fellow members
CU Dwi Jasa	- Helps provide credit for business development

FGD results are related to the presence of linkages between CU performance and the performance of SME members of CU showing the findings tabulated in Table 2. Sixteen members of the five CUs participating in the FGD thought that the performance of the CU was related to the performance of the SME members. This is because the better the performance of CU will be very helpful when the members need additional funds for the business, making business more and more growing, increase the enthusiasm for the business because the credit interest charged very low, maintain business survival, provide fresh funds when needed, other knowledge to members such as entrepreneurship training and business consultation to members. Conversely, the poor performance of CU will certainly hinder the disbursement of loan funds, resulting in the slow progress of business from micro entrepreneurs who become members.

Credit Union (CU) is defined as a collection of people who trust each other in a unifying tie that agrees to put their money together to create joint capital to be used together (in the form of loans) for the purpose of prosperity (www.kompasiana.com, 2015). There are four CU perspectives that CU continues to develop around the world including (https://devilaudiatiananda.wordpress.com, 2013), namely (1) Financial Perspective, CU promises financial welfare to its members as long as it remains faithful in saving for the future. Fund members will continue to grow when members trust each other, because in service CU prioritize the satisfaction of its members (2). Perspective members, CU is a group of people who trust each other, so if the CU is stronger and more people are involved and believe, then the service can be improved. (3). Internal Business Perspective, CU do business with all its members to realize the dream of together to build prosperity with the

banking system, but still based on its members. (4). Education and Learning Perspectives that are given continuously to management, supervisors, management and members become a means to give birth to competent individuals to take care of their financial institutions. FGD results regarding the rights granted by CU to members as micro business actors are tabulated in Table 3.

Table 3. Rights Provided by CU to Members

Respondents	Rights granted by CU to Members
CU Pukat	<ul style="list-style-type: none"> - Can borrow funds and save on deposits - Received funds disbursement in accordance with the time promised - Follow the training for free - Got profit from CU business
Kopdit Dharma P.S	<ul style="list-style-type: none"> - Got good service, fast, smile, polite - Working capital loan, and disbursement time of 10 minutes - Ease of credit provided the conditions have been met, especially administrative requirements
CU Mapra	<ul style="list-style-type: none"> - Develop business and return the loan according to the rules set - Received a loan for business capital with a certain period of time - Received a loan refunded by installments
CU Tirtadana	<ul style="list-style-type: none"> - Opportunities for business development - Borrowing at least a certain amount of savings and a maximum of 70 million - Unsecured borrowing for members - Saving and borrowing - Attend Annual Members Meeting and submit suggestions, ideas for the development of CU and protest if the CU board is judged to be less / incorrect - Obtained profit from CU Business - Communicate with fellow member networks
CU Dwi Jasa	<ul style="list-style-type: none"> - Can borrow, if the loan exceeds the ceiling should use collateral - Loans are subject to member's deposit

In general, the obligations of members of CU participants of this study include: (1). Savings Deposit Required Regularly in accordance with the provisions, (2). Paying off and paying off the loan according to the agreement, (3). Also reminded other members who neglected to pay the loan, and less actively save, (4). Become a responsible guarantor, (5). Inviting Others (acquaintances, relatives, neighbors) to join CU members, (6). Follow and understand the solidarity program, (7).

Keep good name CU. Besides, if the members have a loan, then they must repay on time according to ability but if late to be fined will be fined, there is also obligation to pay interest, adhere to the policy pattern and comply with special regulations. The following table 4 shows FGD results with participating CU members.

Table 4. Obligations of CU Members

Respondents	Obligations of CU Members
CU Pukat	<ul style="list-style-type: none"> - Always on time pay the mandatory savings - Saving money - Paying credit on time
Kopdit Dharma P.S	<ul style="list-style-type: none"> - Be courteous, disciplined and responsible - Pay the installment within the specified time limit - Responsible and always measure the ability to borrow - Paying off the loan wisely and on time so that it can contribute to the cooperative
CU Mapra	<ul style="list-style-type: none"> - Obey rules and obligations as a member - Return the loan with a small interest - Received collateral for loans and deposits - Return the loan by installment - Repay the loan in accordance with the period (5-10 times)
CU Tirtadana	<ul style="list-style-type: none"> - Keep the trust that has been given CU by keeping the agreement that has been made both parties - If you have a loan repay on time, discipline and fulfill obligations as a member - Saving in mandatory saving - Participate to develop institutions; Create an atmosphere of joy, brotherhood, help - Following education
CU Dwi Jasa	<ul style="list-style-type: none"> - Obey the rules of the institution that have been determined - Pay a fine if there is a delay in loan repayment

The success or failure of a CU depends on the commitment, mentality, morality and performance of the CU officials, as well as the responsibilities of members in fulfilling their obligations. Loan or credit is the life of CU, therefore credit must be managed properly. The number of loans made by members makes the CU grow. However, members' ability to repay loans is also one of the most important factors in the development of CU. Negligence of members in paying the loan will certainly lead to disruption of the development of CU, which will ultimately affect the disbursement of loans. It is therefore necessary to take an active

member attitude and consciously obey the rules in the CU to keep CU safe and can continue to grow for the future and business sustainability of CU members themselves (<http://www.cupk.org>, 2014).

The obstacles faced by business actors who are members of the five CU Participants in this study are tabulated in Table 5. Constraints become increasingly serious when the members' efforts are not smooth and the repayment of loans does not match the deadline so CU begins to be selective and careful in disbursing loans. This resulted in members feeling complicated in obtaining loans, because it takes a long process, convoluted and the amount of loans provided is not in accordance with the proposed.

Table 5. Constraints Faced by Business Actors

Respondents	Constraints faced by Business Actors to obtain Credit from CU
CU Pukat	<ul style="list-style-type: none"> - Duration of disbursement, If the big credit does not meet the guarantee must meet the board and lectured at length - Too convoluted, having to ask for a signature of the guarantor that sometimes the guarantor asked up to details; Credit disbursement can reach 7 days - Old liquefaction process and hard to ask for the signature of the guarantor
Kopdit Dharma P.S	<ul style="list-style-type: none"> - So far there are no obstacles, we get credit smoothly and we also pay in discipline - All this time (since 2002) is fine
CU Mapra	<ul style="list-style-type: none"> - The disbursement of funds can not be directly due to waiting for his turn - Large loans are not in accordance with deposits, so less meet the needs of capital - Sometimes not meet the required
CU Tirtadana	<ul style="list-style-type: none"> - The length of credit disbursement process, now about 2 week - There are no significant obstacles while fulfilling the obligations as members - Money borrowing requests require consideration first, should not be urgent and need patience to wait - Difficulty if the installment can not be extended - Difficulty repaying when business is sluggish - Difficulty fulfilling guarantee obligations
CU Dwi Jasa	<ul style="list-style-type: none"> - Sometimes not according to credit request - Due to limited funds, loans are limited to a maximum of 15 million

Bad credit is a condition where a member can not fulfill the obligations on the loan obtained, namely the obligation to pay the principal and interest, it can cause CU to go bankrupt. The amount of bad

debts can damage the reputation or image of credit cooperatives. Bad credit also causes a disruption of cash flow (cash flow) because the funds are expected to come from the repayment of pending loans while liabilities to third parties (members, savers) should not be delayed, especially withdrawal of non-stock deposits. Bad credit requires greater attention which equates to an increase in billing costs and other administrative costs and concentrations. Therefore it is very necessary awareness of the members to build trust given CU by always fulfilling its obligations, so that no bad credit and disbursement of loans members become more smoothly. In detail the strategies undertaken by the members of the five CU participants are shown in Table 6.

Table 6. Strategies for Building Trust

Respondents	Strategy to build trust given by CU
CU Pukat	<ul style="list-style-type: none"> - Routine saving - Pay on time and remind each other maturity to other members - Diligent saving and pay directly to the office without waiting for the arrival of the officer - Introduce CU products to new prospective members - Invite people to join
Kopdit Dharma P.S	<ul style="list-style-type: none"> - Be honest, polite, courteous, disciplined and responsible - Always / must save though not much - Borrow wisely - Paying off on time
CU Mapra	<ul style="list-style-type: none"> - Paying / repaying on time - Orderly repay the loan
CU Tirtadana	<ul style="list-style-type: none"> - Keeping the deal - Build good name, discipline in performing obligations as a member; Following the direction of the cooperative and the cooperative management - Active fulfill obligations; Participate for the development of CU - Strive to fulfill obligations as a borrower; Build communication with MFIs
CU Dwi Jasa	<ul style="list-style-type: none"> - Must fulfill obligations that have been entrusted by the institution and build a sincere trust

In general, the decision of the Planning Strategy which becomes the challenge of CU is to remain able to survive in unstable economic conditions. The beginning of the establishment of Credit Union (CU) is to struggle against dependency and

poverty. To eradicate poverty, one must resist its dependence. Poverty is caused by the wrong way of thinking of the poor (www.kompasiana.com, 2015) Thus the ultimate goal is to improve the quality of life, therefore the form of responsibility in developing the business of CU members is to organize training to manage finances, help to market the products produced Members, undertake entrepreneurship education. Based on FGD results, the efforts of the CU to develop member businesses are shown in Table 7 below.

Table 7. Efforts made for Member Business Development

Respondents	CU's efforts for Member's business development
CU Pukat	<ul style="list-style-type: none"> - Include training - Provide training, but if able to provide training for members in each branch without having to Surabaya due to the constraints of time and distance
Kopdit Dharma P.S	<ul style="list-style-type: none"> - Provide good service - Provide working capital smoothly - Giving loan in accordance with the request submitted - Always help in capital for business smoothness
CU Mapra	<ul style="list-style-type: none"> - Provide a loan of ceiling, which is 3 times the savings - Assisting members in capital with a guarantee of the ceiling
CU Tirtadana	<ul style="list-style-type: none"> - Conducting training and expansion of business networks - Actively introducing cooperatives to the community - Giving rewards savings - Provide reimbursement in the form of transport money - Enabling education programs - Help marketing: Looking for business opportunities - Provide education; Providing free consultation services
CU Dwi Jasa	<ul style="list-style-type: none"> - Provide business assistance - Lending

5. CONCLUSION

Members of CU have a simple assumption that the CU should serve and what matters is how the existence of CU can help help the necessities of life, increase the business capital without collateral and develop the business with the fast process. Of the CU's five representatives who participated in

the FGD, CU's performance was related to the member's business performance. This is due to good CU performance will provide credit smoothness to members and CU otherwise with poor performance will hamper efforts to disburse loan funds. Being a member of CU can improve business networks with fellow members. In addition, members still complain about the length of disbursement, the number of loans not yet all can be met and expect to get a larger amount of loans so as to increase the capital more significantly. The conclusion of this research is related to trust. Trust is an important thing built between the CU with its members. Associated with savings and loan as well as business credit, it is necessary to build trust CU efforts to members who are given credit business development. Building effective trust is to pay credit on time and fulfill obligations as a member.

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