

Analysis of Business Credit Policy for The Poor in Gianyar Regency

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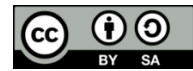
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ABSTRACT

Poverty is a major issue faced by many local governments, including Gianyar District. To empower people experiencing poverty, the Gianyar district government has implemented multiple policies, especially after the COVID-19 pandemic. These policies provide business loans for those affected by poverty, aiming to help them get back on their feet. This study focuses on analyzing the business credit policies for people experiencing poverty in Gianyar Regency, using qualitative methods of a descriptive approach. One of the significant findings of this study is that the current policy alternative (status quo) is still relevant for the distribution of people's business credit. This is because its technical feasibility criteria meet the desired outcomes as stated in the regional regulations. However, the policy may not be effective in the long run as it depends on provincial revenues. Therefore, it is recommended to have policy synergy with national banks and Village-Owned Enterprises to provide credit to people experiencing poverty with low interest.

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1. INTRODUCTION

Poverty continues to be a significant issue following the COVID-19 pandemic. The impact has been felt in various business fields, such as entertainment and tourism services, which have been closed to avoid crowds and prevent the spread of the virus. The tourism service industry has been particularly affected, with reduced accessibility for domestic and foreign tourists leading to the closure of international flights. This situation has had a severe impact, especially in Bali Province, where the tourism industry has a multiplier effect on other sectors, including agriculture, fisheries, plantations, and other areas supporting tourism. The COVID-19 pandemic has also impacted regional revenues, particularly in the hotel and restaurant tax sector, which almost all districts/cities in Bali Province rely on. The pandemic has led to reduced regional revenue, unemployment, and a decrease in people's income. Consequently, the potential for increasing poverty rates is becoming more accurate in the future. Three basic things must be done to address poverty: protecting the poor, accelerating economic growth, and improving social services for those experiencing poverty [1].

Gianyar Regency has been severely impacted by the pandemic, especially in the tourism sector. The decrease in the number of tourists, especially foreign visitors, has significantly affected local tax revenue. The reduction in tourist visits has also affected the income of local communities and entrepreneurs who operate hotels, villas, and other accommodations. The role of tourism as a crucial factor in driving economic growth, especially in Gianyar Regency, is increasingly apparent as the economic growth has dropped significantly. Since the pandemic hit Indonesia in 2019, it has caused a decrease in economic growth of around 0.5 percent from 2018 [2]. In 2020, the economic growth in Gianyar Regency plummeted to minus 8.38 percent due to the ongoing impacts of the COVID-19 pandemic, coupled with various policies implemented by the central and

regional governments, such as closing tourist attractions and halting international flights.

Unemployment is becoming a severe issue due to the decline in tourism in Gianyar Regency. Tourism has been a significant job creator, providing opportunities across various sectors such as tourism, industry, accommodation, and support services. However, the pandemic has hit the tourism industry hard, reducing job opportunities. This has been particularly severe in Gianyar Regency, where the open unemployment rate increased to 7.53% in 2020 due to the pandemic.

The Gianyar Regency Government aims to strengthen poverty reduction by assisting in the form of people's business credit (KUR). To encourage access to capital for people experiencing poverty, the government has implemented a policy called Kurda GAS (Gianyar Aman Sejahtera Regional People's Business Credit), which is stated and strengthened through Gianyar Regent Regulation number 65 of 2020. The Gianyar Regional Bank is responsible for implementing this policy as one of the Regional Owned Enterprises (BUMD) in Gianyar Regency. PT BPR Bank Daerah Gianyar provides credit to poor people who have the potential to develop businesses. The Gianyar Regency Government is committed to delivering KUR assistance to poor people and distributes a maximum of five million rupiah with a period of three years and six percent interest decreases per year.

2. LITERATURE REVIEW

In this paper, it is necessary to refer to previous research to support and enhance the novelty value of the current study.

Research entitled Policy Dynamics of People's Business Credit Program in Indonesia by Aristanto, Khourouh, Ratnaningsih. The research, published in a national journal in 2020, aims to analyze the development of rules or regulations, the involvement of various parties, the objectives of KUR policies, and the development and performance of the distribution of KUR [3]. The similarity of the research with the

research conducted by the researcher is on the focus of the study, namely the KUR policy and the methods used. While the difference lies in the locus of research and the theoretical basis used

In 2017, a research paper titled "Lending Policy on the Determination of Credit Amount (Special Study on KUD Amanah Sejahtera Sungai Buluh, Singingi Hilir District, Kuantan Singingi Regency, Riau Province)" was published in a national journal by Zefriyenni and Yuliana [4]. The study aimed to investigate how lending policies, such as credit interest rates, credit guarantees, and credit risk, affected the determination of credit amount. The research found that more people could get credit through the KUR credit disbursement process. The study had a similar focus to other research on people's business credit policies, but it differed in the research method used (quantitative), the research location, and the theory applied.

The text discusses a research study titled "Analysis of Alternative Credit Program Schemes for Micro, Small and Medium Enterprises" by Aziz and Wicaksono [5]. The study was published in a national journal in 2017 and aims to recommend alternative policy schemes to overcome issues such as default risk, high bank implementation fees, and distribution inaccuracies. The author's research has a similar focus to the study- both focus on KUR policies and use similar methods. However, the author uses policy implementation theory while the above research uses policy alternatives, and the locus research differs.

3. METHODS

This study employs a descriptive approach using the qualitative method. Qualitative research involves analyzing social phenomena and seeking correlations or relationships through scientific and systematic approaches. According to Sugiyono, It's often referred to as naturalistic research because it's conducted in natural conditions [6]. Data was collected through observation and in-depth interviews. The observation directly examined policy targets,

policymakers, and policy objectives. According to Moleong, In-depth interviews were conducted to provide meaning to the findings in the field [7].

4. RESULTS AND DISCUSSION

4.1 Policy Problem Formulation

The heavy dependence on the tourism sector, especially in the Gianyar district, requires a breakthrough in turning threats into opportunities by providing capital to people experiencing poverty to strengthen the Micro, Small, and Medium Enterprises sector. The question is why it should be the MSME sector. One of the vital reasons is that Gianyar Regency is the district with the most MSMEs in Bali Province, which is 75,482 MSMEs. The following reason is, as stated earlier that MSMEs can absorb large jobs so that poor people can open new MSMEs and synergize with existing MSMEs. This will impact absorbing workers who have been laid off or have been laid off, especially those who previously worked in the tourism sector in Gianyar Regency.

The negative economic growth of Gianyar Regency was caused by 14 business sectors experiencing negative growth, while four business sectors experienced positive growth. Based on data from the Central Statistics Agency, the distribution of GRDP according to price, mainly in the business of providing accommodation and eating and drinking, is 19.68 percent. The second largest is the agriculture, forestry, and fisheries sector, at around 13.16 percent. Both business fields are included in micro, small, and medium enterprises, which are labor-intensive, so policies are needed to improve and encourage MSME-based economic growth in the Gianyar Regency.

The poverty situation in Gianyar Regency is a serious concern, especially during the COVID-19 pandemic. The KUR policy is an ideal solution to address the rising poverty levels in the region. The primary objective of the KUR program is to facilitate access to credit from financial institutions, increase employment opportunities, and reduce poverty, particularly in the primary

sector and the empowerment of small-scale businesses [8]. Poverty is a complex issue that affects various aspects of human life and livelihood, including interrelated economic, political, socio-cultural, psychological, and technological factors [9].

It is essential to analyze the distribution of business loans in Gianyar Regency as a reference to assess its impact on the regional economic sector. Between 2016 and 2019, there has been a decline in business lending in Gianyar Regency, with the percentage of credit disbursement decreasing by around five percent from 2018 to 2019. This decline should raise serious concerns for the Gianyar Regency Government, as it challenges the Gianyar Aman Sejahtera Regional People's Business Credit policy in optimizing business credit distribution during the pandemic.

4.2 Defining Policy Objectives

The policy objective in distributing or providing regional people's business loans in Gianyar Regency is to provide easy access to business capital for underprivileged or poor people and people affected by termination of employment. The hope is to improve the economy of poor people who have businesses and, in the future, be able to reduce poverty in Gianyar Regency. The importance of KUR is in line with the community's need for capital sources to support community businesses or jobs, especially for people who have lost their jobs and are categorized as poor.

4.3 Identify Policy Parameters

To identify policies in people's business credit, the author uses parameters based on Bardach's thoughts [10], namely:

1. Technical feasibility, which is the criterion used to measure whether the outcomes of a policy or program will achieve the objectives set;
2. Economic and financial possibility, which is a criterion used to measure how much it costs to implement policies and how much profit is generated;
3. Political viability is a criterion used to measure whether policies

will succeed under the influence of various power groups.

4. Administrative operability, which is related to the authority to implement policies, commitment from the top and bottom level administrators, the capability of the organization that will implement it is considered capable in the context of HR capabilities and the financial context, and organizational support in the form of equipment, physical facilities, and other services.

4.4 Policy Alternatives

The author considers that the people's business credit policy in the Gianyar district refers more to implementing the Kurda Gas policy, where poor people apply for loans to PT BPR Bank Daerah Gianyar. As a regionally owned enterprise, BPR Gianyar Regional Bank's role can be crucial in implementing policies. The role of credit institutions, especially BPR Gianyar Regency, as a distributor of Gianyar Aman Sejahtera Regional People's Business Credit (Kurda Gas) for people experiencing poverty is essential in helping the community do all forms of business. Of course, looking at the basis for making these policies, policy goals and objectives, and evaluation is necessary. This means that the Gianyar Aman Sejahtera Regional People's Business Credit policy is one solution but needs to be analyzed in the policy context. Assessing the feasibility of people who apply for loans is essential. This has also been regulated in laws and regulations. The author considers this policy a status quo policy in distributing people's business loans in Gianyar Regency. Kurda Gas policy in Gianyar Regency focuses more on lending to poor people who own businesses. So that primary sectors and the empowerment of small-scale enterprises can develop rapidly, facilitate accessibility to credit and financial institutions, reduce poverty, and expand employment.

Another policy alternative is to synergize with other banks in the Gianyar district. The Gianyar district government

builds commitment with national and private banks at the district level to provide easy distribution of people's business loans to people experiencing poverty. This is a form of local government performance in providing business credit networks for people who want to open businesses, especially for people experiencing poverty with low interest rates [11]. Collaborating with various banks in the Gianyar district further opens up great opportunities for MSMEs or poor people who want to become entrepreneurs.

The next alternative is to optimize village-based credit distribution through cooperatives. This policy has strength in financial support through village funds obtained annually. Cooperatives in each village, as a form of Village-Owned Enterprises, receive capital participation funds from village funds each year. This has

been done, one of which is in the village of Pledo. Pledo Village in East Nusa Tenggara built bumdes with capital participation from village funds of Rp130 million. From this, Bumdes, then part of the village fund, which is IDR 77 million, is used for revolving funds for the empowerment of savings and loan cooperatives, specifically for the residents of this village. The reason we revived village cooperatives through the role of Bumdes is to invite residents not to borrow from middlemen (MediaIndonesia, 2019).

4.5 Selection of Policy Alternatives

In strengthening the analysis in choosing appropriate or ideal policy alternatives, the author refers to the four criteria previously described. The brief analysis related to the requirements with other options can be seen in the table below:

Table 1. Criteria of Policy Alternative

Criteria	Policy Alternative 1 (status quo)	Policy Alternative 2 (Banking Synergy)	Policy Alternative 3 (KUR distribution through cooperatives in villages)
<i>Technical feasibility</i>	Policy outcomes can distribute KUR specifically to MSMEs or poor people who want to become entrepreneurs.	The scope of outcomes is broader because it provides a lot of access for MSMEs and poor people who want to become entrepreneurs.	Policy outcomes are limited, meaning they depend on the availability of BUMdes in the form of cooperatives in villages.
<i>Economic and Financial</i>	The cost and budget needed are high because it depends on the Gianyar Regency Regional Budget.	The costs and budget needed tend to be lower because of cooperation agreements and CSR funds from banks in Gianyar Regency.	The costs and budget required adjust the village funds obtained in each village.
<i>Political viability</i>	Political support is quite strong because it has been regulated in regional regulations and has been running.	Need to require political support in the context of regulations	It doesn't need political support but is very dependent on the interests and influence of leaders, according to the community at the village level
<i>Administrative operability</i>	Implementing policies is easier because there are already regulations	There is no technical implementation of the policy	It depends on each village government, especially those that

	and institutions to enforce policies.		don't have a savings and loan cooperative; it won't be easy to implement it
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Source: Processed Primary Data (2023)

Based on the table above shows that the first policy alternative (status quo) is still relevant to be selected in the distribution of people's business credit. This can be seen in the technical feasibility criteria, where the policy outcomes have been clearly stated in regional regulations. The KURDA GAS policy as an alternative to the status quo policy is still relatively new and can be said to have not overcome the long-term unemployment aspect. This is because the policy is relatively only two years into its implementation. Then, the challenge is the availability of funds or costs needed to implement the KURDA GAS policy. This is due to the provision of People's Business Credit by BUMD, namely BPR Gianyar Regency. Of course, the capital from BPR is very dependent on Gianyar Regency's regional budget. Suppose you look at the current conditions, especially amid a pandemic, where the Gianyar district budget is still low compared to normal conditions. Another strength is the considerable political support. It has been stated in regional regulations and strengthened by the national appreciation of the KUR distribution policy through the KURDA GAS policy to MSMEs and poor people who want to become

entrepreneurs. Another aspect of strength is administrative operability, where local regulations have strengthened the implementation of policies.

5. CONCLUSION

From the analysis that the author conducted in identifying alternative policies in the people's business credit policy, it can be concluded that the status quo policy, namely the KURDA GAS policy, is the best choice for now. This is based on the advantages of administrative operability, political viability, and technical feasibility criteria. The author suggests optimizing the KURDA GAS policy regarding funding and other financial support. This can be done with the help of funds from the central government in the form of special allocation funds (DAK).

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