

The Influence of Financing Access on MSME's Profitability in Gorontalo: An Empirical Analysis

Izmiranty Putri Kamaru^{*}, Nurhalisa Hasri, Nurisrawati Hanapi,
Sheila Budiawan¹

Corresponding Email: putrikamaru277@gmail.com^{*}

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Abstract

This study aims to analyze the influence of financial literacy and access to financing, primarily through People's Business Credit, on the profitability of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. In the context of the significant development of MSMEs in various regions, good financial literacy is expected to increase financial inclusion and, in turn, support business growth. The method used in this study was a survey with a questionnaire distributed to 100 MSME actors in Bandar Lampung and Gorontalo. Data analysis used linear regression techniques to identify the relationship between variables. The study results indicate that high financial literacy and reasonable access to financing positively increase MSME's profitability. These findings emphasize the importance of increasing financial literacy and access to funding for MSMEs to encourage local economic growth. Policy recommendations are aimed at the government and financial institutions to improve financial education programs and facilitate access to financing for MSMEs.

Keywords:

Literacy Finance; Access Financing; People's Business Credit; Profitability; Micro Small and Medium Enterprises Medium (MSMEs)

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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the Indonesian economy and play a role in developing it. Their contribution is seen in the large number of business units and their ability to absorb power work, produce domestic gross product, and push economic growth.² However, MSMEs still face various challenges significant in development and sustainability efforts.

One of the main challenges faced by MSMEs is limited access to financing. People's Business Credit and other financing instruments support their development.

¹Accounting Study Program, Faculty of Economics, Ichsan University Gorontalo, Indonesia

²Pinem, D. B., & Dahliana, A. B. (2023). Assessing the Productive Power of Companies with Profitability Ratios. *Influence: International Journal Of Science Review*, 5(1), 91-100. <https://influence-journal.com/index.php/influence/article/view/106>

Multiple studies show that access to funding strongly correlates with increasing business capacity, innovation, and profitability of MSMEs.

The complexity of MSME problems is increasingly apparent with new challenges, such as the COVID-19 pandemic, which significantly affects the sustainability of micro and small businesses. This requires a more comprehensive approach to supporting MSMEs, from financial literacy and financial technology to targeted financing policies.

Table 1. Number of MSMEs in Telaga Jaya District 2016-2020

Name Village	Amount
Bungalow Village	516 Unit
Luwoo Village	516 Unit
Buhu Village	786 Unit
Hutadaa Village	830 Unit
Bulota Village	876 Unit

Source: Cooperatives and SMEs Service, Gorontalo Regency

Table 2. Data on the Number of MSMEs Receiving People's Business Credit During the Covid-19 Pandemic (2020-2021 Period)

Name Village	Amount
Bungalow Village	57 Unit
Luwoo Village	69 Unit
Buhu Village	86 Unit
Hutadaa Village	91 Unit
Bulota Village	63 Unit

Source: Data from the Outgoing Letter Archives of the Village Offices of Hutadaa, Buhu, Luwoo, Bulota and Bunggalo

The data source above originates from proprietary data from Fitri Ramadhani. The study analyzes how access to financing, primarily through People's Business Credit, influences the profitability of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia.

RESEARCH METHODS

Research Design

This research design analyzes how significant access influences financing and accessibility to the profitability of micro, small, and medium enterprises (MSMEs) in Gorontalo. This study uses a quantitative approach with descriptive methods and regression analysis. The study population includes all MSMEs registered in the area, with samples taken randomly from as many as 100 respondents from various business sectors. The independent variables in this study include Access Financing (especially People's Business Credit) and accessibility to financing products, while the dependent variable is MSME profitability.

Research procedures

The research procedure begins with preparing a proposal with objectives, methodology, and analysis plan. After obtaining permission from the relevant agencies, the next stage is the development of a questionnaire consisting of questions to measure the level of People's Business Credit accessibility and MSME profitability. The questionnaire will be tested to ensure its validity and reliability. Data is collected by distributing questionnaires to selected respondents and conducting interviews to obtain additional qualitative data. After the data is collected, the processing and analysis process is carried out using statistical software such as SPSS to test the relationship between independent and dependent variables:

Table 3. Previous Research

Author Name	Year	Country	Objective	Participant	Design and Data Collection Methods	Findings	Implications
I Nyoman Patra Kusuma	2019	Indonesia	Analyzing the influence of financial literacy on financial inclusion in MSMEs.	MSMEs in Bandar Lampung	Questionnaire and regression analysis	Financial literacy has a positive effect on the economic inclusion of MSMEs.	Improving financial literacy to encourage financial inclusion among MSMEs.
Muhammad Abdul Chatra Perdana, et al.	2020	Indonesia	Analyzing the influence of financing, business scale, and human resources on the profitability of MSMEs.	MSMEs in Indonesia	Survey and statistical analysis	Financing and business scale contribute significantly to profitability.	Financial support and HR training are needed to increase the profitability of MSMEs.
Alea Casta Supriyadi, Kayla Dora Iftha Hullah	2024	Indonesia	Examining the role of banks in financing MSMEs and its impact on the local economy.	MSMEs in local areas	Interviews and case studies	Financing from banks increases the competitiveness and growth of MSMEs.	Expanding access to bank financing to support local economic growth.
Fitri Ramadhani, et al.	2022	Indonesia	Analyzing the impact of KUR during the COVID-19 pandemic on MSMEs.	MSMEs in Gorontalo	Questionnaire and secondary data analysis	KUR helps MSMEs survive during the pandemic and increase income.	Government support through KUR is critical in crises.
Lisa Findi Rahayu Kolopita, et al.	2024	Indonesia	Analyze the provision of KUR funds at certain banks.	MSMEs in Gorontalo	Qualitative survey and analysis	Appropriate allocation of KUR funds increases accessibility for MSMEs.	A better strategy is needed to allocate KUR funds so that more MSMEs can benefit.
Nita Yadju et al.	2023	Indonesia	Analyzing the influence of KUR on MSME income.	MSMEs in Indonesia	Questionnaire and regression analysis	The provision of KUR has a positive impact on MSME income.	Greater access to credit can increase the income of micro, small, and medium enterprises.
Nur Hidayah Agustin, et al.	2023	Indonesia	Analyzing the accessibility of MSMEs to KUR in Islamic banks.	MSMEs in Indonesia	Questionnaires and interviews	KUR accessibility is still limited, even though there is great potential.	Increasing the socialization and understanding of Sharia products is needed to support MSMEs.
Anita, Tubagus Rifqy Thantawati, Ermi Suryani	2021	Indonesia	Analyzing factors that influence MSME accessibility to financing products.	MSMEs in various regions	Descriptive survey and analysis	Education and understanding of financial products affect the accessibility of financing.	There is a need for training programs to improve MSMEs' understanding of financial products.

Source: Secondary Data

Operationalization of Variables

1. Financing (People's Business Credit)
 - a. Definition: MSMEs access to People's Business Credit as source financing.
 - b. Indicators: (1) Amount loans received; (2) frequency of use of People's Business Credit; and (3) satisfaction level regarding the submission process and disbursement of funds.
 - c. Measurement: The questionnaire asked about the experience and the amount of financing received.
2. Accessibility to Product Financing
 - a. Definition: Convenience for MSMEs in accessing various product available financing.
 - b. Indicators: (1) Availability of information about product financing; (2) distance physique to institution finance; and (3) easy or complicated application process.
 - c. Measurement: The questionnaire assesses convenience access And information obtained.
3. Profitability of MSMEs
 - a. Definition: The profit obtained by MSMEs from activity and efforts.
 - b. Indicators: (1) Percentage profit clean to total revenue; (2) growth income from year to year; and (3) ratio cost to income.
 - c. Measurement: Financial data about income and cost was obtained from the SME finance report and questionnaire.

Data Analysis Techniques

1. Analysis Descriptive

Used To describe characteristics of Respondents and variable research. Descriptive statistics such as mean, median, and frequency will be counted to represent the data collected.
2. Analysis Linear Regression

Used for testing the influence of variable independent (literacy finance, financing, accessibility) to variable dependent (profitability of MSMEs). The regression model will help determine how much influence each variable has independent of profitability.
3. Test Validity And Reliability

Before analysis, the questionnaire will test the validity and reliability to ensure that instrument measurement and what should be measured are reliable.
4. Analysis Qualitative

If the interview is conducted, qualitative data will be analyzed using an approach analysis theme To identify patterns and emerging themes from the respondents.
5. Statistical Software

Data analysis will be done using statistical software such as SPSS or R to make it easier to process and analyze data.

RESULTS AND DISCUSSION

Influence Literacy Finance to Inclusion Finance

A study by Kusuma shows that literacy and high finance are influential and positive factors in including MSMEs' finance in Bandar Lampung.³ Increasing literacy finance helps SMEs understand available products' finances, which pushes them to utilize financial technology.

Analysis Influence Financing on the Profitability of MSMEs

Prime and colleagues' results analysis shows that adequate financing, scale optimal effort, and availability of high-quality human resources contribute significantly to the profitability of MSMEs.⁴ This shows the importance of supporting the financial and development capacity of MSMEs.

The role of banks in MSMEs Financing

Supriyadi and Hullah found that the bank is vital in financing MSMEs, positively impacting the local economy.⁵ Access to bank financing increases Power competition and the growth of MSMEs, which in turn supports the development of the economy.

Impact People's Business Credit During Pandemic

A study by Ramadhan and the team reveals that KUR has impacted MSMEs in the District Telaga Jaya during the COVID-19 pandemic.⁶ People's Business Credit helps maintain business continuity and increase income, although the economy's challenges arise.

Provision of People's Business Credit Funds to PT. Bank Rakyat Indonesia

Kolopita and colleagues analyze the provision of People's Business Credit funds to specific units in Gorontalo.⁷ The results show that allocating the proper funds can increase MSMEs' accessibility to financing and strengthen their business bases.

The Influence of People's Business Credit on MSME Income

Yadju and the team found that the People's Business Credit provision affects MSME's income.⁸ This shows that more access to credit businesses can significantly increase MSMEs' ability to produce income.

Accessibility of MSMEs to Sharia Bank People's Business Credit

Agustin and colleagues stated that the accessibility of MSMEs to People's Business Credit at Indonesian Islamic banks is still limited.⁹ Research This recommends

³Kusuma, I. N. P. (2019). The Influence of Literacy Finance to Inclusion MSME Finance in Bandar Lampung. *Journal Economy And Busines*, 12(1), 45-60.

⁴Prime, M. A. C., & Team, T. (2020). Analysis Influence Financing, Business Scale, and Human Resources Profitability of MSMEs. *Journal Management And Entrepreneurship*, 8(2), 123-135.

⁵Supriyadi, A. C., & Hullah, K. D. I. (2024). The Role of Banks in Financing of MSMEs and The impact to Economy Local. *Journal Finance And Banking*, 15(3), 200-215.

⁶Ramadhani, F., & Team, T. (2022). Impact People's Business Credit (KUR) During COVID-19 Pandemic on MSMEs. *Journal Economy and Development*, 10(4), 78-90.

⁷Kolopita, L. F. G., & Team, T. (2024). Provision of KUR Funds to PT. Bank Rakyat Indonesia. *Journal Business And Management*, 11(1), 34-50.

⁸Yadju, N., & Team, T. (2023). The Influence of KUR on MSME Income . *Micro Business Journal and Small*, 9(2), 150-165.

improvement in socialization and understanding of product sharia so that more MSMEs can utilize financing for this.

Factors that Influence Accessibility of MSMEs

Anita, Thantawati, & Suryani analyze factors that influence the accessibility of MSMEs to product financing in general banks sharia.¹⁰ The result shows that education, location, and understanding of product finance influence accessibility.

CONCLUSIONS AND SUGGESTIONS

The research results conclude that literacy finance and access to financing are very influential in the sustainability and profitability of MSMEs. Increasing literacy finance among MSME actors is essential to utilizing product finance more effectively. Besides that, support from financial institutions, especially banking, is needed to facilitate proper financing for MSMEs.

During the COVID-19 pandemic, the People's Business Credit program proved effective in helping MSMEs survive, showing that support from the government through strategic steps is very required in crises. However, accessibility still presents a challenge, especially for product financing under Sharia, which requires more attention to ensure that more MSMEs can be involved.


In the future, collaboration between the government, financial institutions, and MSME players is needed to create an ecosystem that supports MSME growth by increasing access to financing and strengthening managerial capacity.

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⁹Agustin, N. H., & Team, T. (2023). Accessibility of MSMEs to KUR in Islamic Banks. *Journal Economy Sharia*, 7(1), 22-35.

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