
**Effect of Increase in Community Resources on Poverty Alleviation through
Kredit Usaha Rakyat (KUR)**

Mohammad Armoyu¹, Nurul Azizah²

¹Universitas Ibrahimy, Situbondo, Indonesia.

²Postgraduate Program Universitas Ibrahimy, Situbondo, Indonesia

doi: 10.51505/ijebmr.2022.6507

URL: <http://dx.doi.org/10.51505/ijebmr.2022.6507>

Abstract

The Indonesian government's strategy to overcome poverty is the People's Business Credit (K.U.R.) program. Through qualitative methods, this study examined the empowerment of the poor through K.U.R. at the Branch Office of the Indonesian People's Bank Situbondo East Java. As for the formulation of the problem that will be analyzed, first, How is the People's Business Credit (K.U.R.) program of Bank Rakyat Indonesia Situbondo Branch realizing the empowerment of the poor?; secondly, For Which Bank Rakyat Indonesia Situbondo branch office conducts coaching and assistance to K.U.R. Credit Recipient Customers. This study shows that the People's Business Credit program of Bank Rakyat Indonesia in Situbondo Regency, East Java, can realize the empowerment of the poor. The results showed that the People's Business Credit program of Bank Rakyat Indonesia in Situbondo Regency, East Java, could realize the empowerment of the poor. Therefore, the recommendations offered are the development and assistance of [Bank Rakyat Indonesia (B.R.I.)] Situbondo Regency Government empowers the poor through K.U.R. in situbondo regencies. Furthermore, this paper advises the management of Bank Rakyat Indonesia to improve facility services to realize the empowerment of the poor through K.U.R. And always conduct regular coaching and supervision to customers so that the business is more advanced it can increase human resources

Keywords: empowerment, poverty, kredit usaha rakyat, debtors, credit bank.

1. Introduction

Poverty is still an issue to be overcome in people's lives. The government has been implementing poverty reduction measures for three decades. Poverty reduction measures require a comprehensive, integrated, and sustainable strategy, among others, by involving the entire community, including the business world and other private entities. In essence, the involvement, commitment, and cooperation of all parties are necessary, as poverty reduction is a shared responsibility. Poverty has been a classic problem for the Indonesian nation since its establishment ((Nugroho et al., 2021). In almost all of the good orders – the old order, the new order, and the reformation period, the government made poverty a priority program. However, overcoming poverty can be misleading if it is understood narrowly as an objective, independent, and numerically calculated indicator because poverty cannot only be measured with indicators of mastery or material ownership ((Boret et al., 2021); (Fardoust et al., 2018)). The term poverty is

always popularly associated with developing societies, very easy to pronounce but not easy to determine how the poor are classified as poor (Wan et al., 2021).

Government efforts to reduce poverty are focused on various policies and programs to provide basic needs such as food, education, health, expansion of employment opportunities, agricultural and fishermen's facilities and infrastructure, along with business credit for the poor and urban slum infrastructure (Haile et al., 2021)). The government's poverty and unemployment reduction programs are classified into four program groups. *First*, integrated family-based social assistance, *second*, poverty reduction based on community empowerment or PNPM Mandiri, *third*, poverty reduction based on empowering micro and small businesses, and *fourth* and the last group is the *Kredit Usaha Rakyat* (KUR) program. Situbondo Regency, a poor and disadvantaged area, is one of the districts in East Java. Some of the underlying factors why researchers choose BRI Situbondo Branch as a banking institution that distributes KUR to consider and some interesting reasons for it to be a research location are highlighted below (Azizah & Armoyu, 2018).

The main reason behind this is that the government makes announcements every five years for the governments of underdeveloped regions in Indonesia. In the 2011-2015 period, Situbondo was categorized as one of the underdeveloped areas in East Java, along with four other underdeveloped areas: Bondowoso Regency, Bangkalan Regency, Sampang Regency, and Pamekasan Regency. Poverty in Situbondo is a complex and multidimensional development problem. The government has a program for providing KUR, and BRI Situbondo Branch is one of the government banks in charge of distributing KUR. Therefore, this research was conducted to better understand the empowerment of the poor, especially in the Situbondo Regency of East Java Province. Based on the above background, the following problems are formulated: (1) How is the KUR program of Bank Rakyat Indonesia Situbondo Branch in realizing the empowerment of the poor? (2) How does the Bank Rakyat Indonesia Situbondo Branch office provide guidance and assistance to KUR credit recipients?

The research objectives are as follows. (1) General Objectives: The purpose of this study is to describe and analyze the phenomenon of empowering the poor through KUR based on empirical data. (2) Specific Objectives: Knowing the provisions of KUR by the Bank Rakyat Indonesia in Situbondo Regency in realizing the empowerment of the poor, understanding the BRI Indicators of the Situbondo Branch in distributing KUR, such as analyzing obstacles and knowing the guidance and assistance carried out by BRI (Fianto et al., 2018).

2. Literature Review

A debtor is a party that owes to the other party, usually by receiving something from the other party (the creditor) promised by the debtor to pay back at the agreed time (Abid et al., 2014; Hawthorn, 1993; Zhou et al., 2021). The loan itself generally requires a guarantee or collateral from the debtor. If a debtor fails to pay by the agreed deadline, there will be a process to confiscate property. *In Indonesia, People's Business Credit* (K.U.R.) is one of the government's programs to improve access to financing for *Small, Micro, and Medium* Enterprises (MSMEs), distributed through financial institutions with a guaranteed pattern. The K.U.R. program is intended to strengthen the ability of business capital in the framework of implementing policies

to accelerate the development of the real sector and the empowerment of MSMEs. Financing distributed by K.U.R. is sourced from banking funds or financial institutions that are K.U.R. Distributors (Acheampong & Elshandidy, 2021; Umar et al., 2021). Funds provided in the form of working capital and investment funds distributed to individual MSMEs/ individuals, business entities, and business groups that have productive and viable businesses but do not have additional collateral or *feasible* but have not been *bankable* (Al-Hyari, 2020; Jayadev et al., 2017).

Another study was also conducted in Western Europe by Jari-Mikko Meriläinen (Al-Hyari, 2020; Jayadev et al., 2017). He examined the role of asset liquidity in the decline and improvement of the credit ratings of Western European banks during the period 2005–to 2017. The results showed that changes in banks' credit ratings were more favorable for banks that had liquid asset portfolios (Djebali & Zaghoudi, 2020; Wu et al., 2019).

Community empowerment in the Reduction of poverty

Community empowerment in the Reduction of poverty (Aghazamani et al., 2020; Rozanova & Mikheev, 2020; Zhang & Zhang, 2021) in the etymological sense is a process to power or a process to obtain power, ability or power giving power, the ability of the party that has power to the less or helpless party (Kumar et al., 2021; Ur Rehman et al., 2022). Therefore, the process towards concrete actions is carried out gradually to change the condition of weak people for better knowledge and beatitude so that empowerment programs become a solution in poverty alleviation.

As explained by Michael H. Morris (Chen et al., 2020), of the Keogh School of Global Affairs, University of Notre Dame, South Bend, IN 46556, U.S.A., he explores entrepreneurship as a solution to poverty in the developed world. However, the poverty rate has not changed significantly in most developed countries in 50 years, and the income gap between rich and poor continues to widen. In this article, we study entrepreneurship as a source of empowerment for economically disadvantaged people (Maliah & Panorama, 2022). Explore the nature of poverty and its implications for various aspects of entrepreneurship, identify problematic aspects of low-income startups, and present the conceptual framework of SPIDER to encourage entrepreneurial development among the poor: (S) supporting infrastructure, (P) preparation from entrepreneurs; (O) an expanded horizon of opportunity; (d) find the source of differentiation; (e) a well-designed economic model; and (R) utilize community resources. We conclude by drawing on the framework's implications for those involved in breaking the cycle of poverty.

3. Method

This study is qualitative research with a constructive approach. A constructive approach treats reality as a symptom that is not permanent and has a relationship with the past, present, and future. The reality, in such conditions, can only be understood on a constructive basis, as contained in the consciousness and world of experience of the researcher in relation to human life. Therefore, the understanding of reality is not only relative but also dynamic.

This research is located at the Bank Rakyat Indonesia Situbondo Branch in Situbondo Regency. Situbondo is a poor and underdeveloped area in East Java. Some of the underlying

considerations and interesting reasons for the location of this research are as follows: every five years, the government announces underdeveloped regions in Indonesia. In the 2011-2015 period, Situbondo was categorized as an underdeveloped area; East Java had five underdeveloped areas: Bondowoso Regency, Bangkalan Regency, Sampang Regency, Situbondo Regency, and Pamekasan Regency. The central government launched the Inpres Desa Lagging (IDT).

Data collection techniques used primary and secondary data. Primary data are obtained from the results of in-depth direct interviews between researchers and research subjects, while secondary data are obtained from a collection of supporting data to enrich the repertoire of research results.

The information analysis method used in this study utilizes the information analysis approach of Antonia Gramsci (Khoirurrijal, 2017) and the presentation of information from Miles and Huberman ((Miles et al., 2014)). Miles and Huberman's analysis model is an interactive analysis process in the form of a cycle; it can state qualitative information analysis activities are often carried out interactively and take place continuously until completed. This analysis method consists of three elements: reduction of information, presentation of information, and drawing and testing conclusions (Herdiansyah, 2010).

4. Results

In the Results section, summarize the collected data and the analysis performed on those data relevant to the discourse that is to follow. Report the data in sufficient detail to justify your conclusions. Mention all relevant results, including those that run counter to expectation; be sure to include small effect sizes (or statistically nonsignificant findings) when theory predicts large (or statistically significant) ones. Do not hide uncomfortable results by omission. Do not include individual scores or raw data with the exception, for example, of single-case designs or illustrative examples. In the spirit of data sharing (encouraged by APA and other professional associations and sometimes required by funding agencies), raw data, including study characteristics and individual effect sizes used in a meta-analysis, can be made available on supplemental online archives.

KUR Poverty Reduction Program

The distribution of KUR in Situbondo is quite large, so the credit distribution is expected to impact poverty reduction in Situbondo Regency and increase macroeconomic growth. Below are the various kinds of KUR disbursed by the Bank Rakyat Indonesia Situbondo Branch. The most important feature of this new global economic architecture will complement capitalism's new theoretical framework halfway through by including a second type of business, social business, in the global market ((Mandala et al., 2012)). Once a social business becomes a recognized element within the framework, it can play a very important role in solving financial crises, food crises, and environmental crises. In addition, social businesses can provide the most effective institutional mechanisms for solving the problems of poverty, decent housing, hunger, and health. It can overcome all problems created by profit-oriented businesses and reduce the excess of profit-oriented businesses.

The new economic architecture proposed by Moh. Jonah (v. M. buyanov, 1967) will not turn back the clock on globalization. It will support globalization by ensuring that its influence is

good for the poor and for poor countries by incorporating social business into the global framework. Globalization can be a powerful force for good that can benefit the poor more than any other force. KUR is a program that belongs to the Poverty Reduction Program group based on the empowerment of micro and small economic enterprises (cluster 3). This cluster aims to improve access to capital and other resources for micro and small businesses.

Bank Rakyat Indonesia Situbondo Branch is located at Jalan Ahmad Yani No. 123 Situbondo Regency of East Java Province, bank code 0090, phone number 0338-674111, 0338-61279, 0338-675273. Fax No 0338-63356, Internet banking <https://ib.bri.co.id>., call center number BRI 14017 or 021-57987400.500017. It is located at the heart of the city, with fourteen (14) BRI units spread from the west to the eastern end of the Situbondo district. The number of employees is 229, consisting of branch office employees, BRI Unit, Cooperative, PKSS, cleaning service, and night guards. Bank Rakyat Indonesia Situbondo Branch Office has carried out empowerment of the poor through the KUR program in 2014, amounting to Rp. 98.2 billion, consisting of 11,490 debtors, and in 2015, amounting to Rp. 95.7 billion, consisting of 6,239 debtors, both in the city and countryside, as seen in the table on the number of debtors or KUR customers below:

COMPANY	PEOPLE	REALIZATION
SITUBONDO 1	780	6,999,779
PANJI	315	3,816,008
MANGARAN	485	2,753,076
KAPONGAN	365	3,998,735
JANGKAR	325	3,871,128
ASEMBAGUS	399	5,455,626
BANYUPUTIH	485	4,870,802
PANARUKAN	286	3,655,784
SUMBERKOLAK	484	4,889,754
MLANDINGAN	299	3,682,874
SUBOH	555	5,896,725
BESUKI 1	449	7,871,653
BESUKI 2	595	6,989,456
SITUBONDO2	566	6,752,642
CABANG SITUBONDO	402	28,754,182

This is as stated by Susilo Wibowo (Head of Bank Rakyat Indonesia Situbondo Branch):

“Bank BRI is one of the state banks that has the task of assisting the government in developing the Indonesian economy, for Situbondo according to data there are still many people who still live below the poverty line, therefore, BRI Situbondo Branch must take part in alleviating poverty for the people of Situbondo.” (Interview 3 January 2021)

The results of the interview above illustrate that the BRI Situbondo has a considerable share in the alleviation and empowerment of the community in the economic field through the KUR program.

This was also conveyed by Nurhamdi as the Assistant Manager of Business Mikro (AMBM), BRI Situbondo Branch Office:

“Yes...Alhamdulillah, BRI, the Situbondo branch office unit, has realized a government program in terms of KUR distribution which aims to empower the community or help the community in terms of providing capital for the businesses of small business actors in Situbondo Regency. And until now, approximately 30 billion Rupiah has been distributed, which is spread across 14 BRI units at the Situbondo branch office.” (Interview on January 5, 2021).

Realization of KUR in BRI Situbondo

Empowerment of the poor in the Situbondo Regency was carried out by the Bank Rakyat Indonesia Situbondo Branch through the KUR program in 2014, amounting to Rp.98.2 billion, consisting of 11,490 debtors, and in 2015, amounting to Rp. 95.7 billion, consisting of 6,239 debtors, both in the city and countryside, as seen on the KUR Application Flow at BRI Situbondo in the figure below:

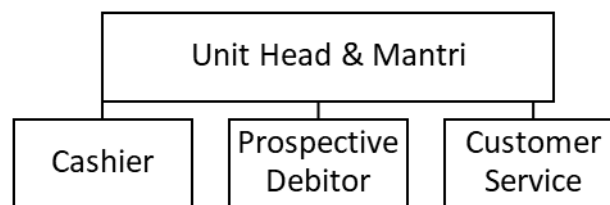


Figure 1. KUR Application Flow at BRI Situbondo

Source: Bri Credit Giving Handbook (PPK), data processed 2021

Likewise conveyed by Assistant Credit Marketing Manager (AMPK) BRI Situbondo Kusno Warsito branch:

“Geographically, the Situbondo community is located in a coastal area on the north coast route and has very low competitiveness and people who are not creative and tend to be consumptive, so that in order to maintain credit security so that non-performing loans (NPLs)/jams do not arise, then Bank officers The Account Officer (AO) must take intensive approaches and foster family relationships with their respective account debtors.” (Interview on January 12, 2021).

The stages and procedures for applying for credit are carried out by prospective debtors who appear before CS (Customer Service); second, after all the completeness of the file has been submitted to the Ka. unit head, the unit is disposed of to the commanding officer to conduct a survey and determine whether the applicant is eligible to receive credit. After the survey, two options are generated. First, if deemed appropriate, Mantri proposes the amount of credit and the

payment term to Ka. units. It will be submitted back to CS if approved by Ka. units. Then, the CS will contact the prospective debtor to sign a credit agreement. The second option is an inappropriate assessment. The file will be returned to Ka. units. Then, the unit is returned to CS. In the last step, the CS will return the prospective debtor.

Empowerment and Development to Debtors

One of the main tasks of the bank, apart from distributing credit, is acting as a facilitator, motivator, and guiding debtors. Based on the BRI Bank Credit distribution manual, a Mantri or AO as the person in charge of credit distribution is carried out at least once every three months. (BRI KDP: 2010). At the BRI Situbondo Branch office, 89 employees are responsible for guiding debtors. BRI has taken several steps to guide the debtors.

Collaboration with BLK (Work Training Center) and The Department of Trade and Industry of Situbondo Regency

This collaboration with BLK runs every two months and is packaged as providing counseling to debtors after receiving a credit. It contains entrepreneurial material and business potential in the Situbondo Regency, providing convenience in marketing the debtor's mainstay products to inter-city, inter-island, and even exported products, such as marine crafts. BRI and the Department of Trade and Industry cooperate in marketing the products of the BRI Situbondo debtors by holding exhibitions on a district scale and even at the level of East Java Province.

Working with cooperatives and SMEs

This collaboration is carried out in two stages. (1) Prospective debtors built by the Cooperative and SME Office are recommended to BRI Situbondo to obtain KUR. (2) After receiving KUR, joint coaching between BRI and the Cooperative Service is held at the debtor's business place or holding regular meetings at the Cooperative Office. Here, the source is an officer from Bank Rakyat Indonesia Situbondo Branch, employees of the Cooperative Service, and business actors who have successfully become entrepreneurs and motives for business beginners who have been given KUR credit by BRI.

Working with Bank Indonesia Jember

One form of cooperation includes training and actors held by the Bank Indonesia Jember, either in Situbondo, Jember, or Banyuwangi. Absolute coaching is carried out by the Bank BRI officers such as Mantri and AO because an increase in human resources owned by debtors is expected, who were initially less independent and expected to have an entrepreneurial spirit.

As stated by Soesilo (the leader of the BRI Situbondo)

“The obligation of a credit lender is not only to realize credit to entrepreneurs but also to do it on the spot or directly, to see the business development of the debtor who has been given credit, at least once every three months to ensure that the credit disbursed is safe/smooth and used in accordance with the segment.”

Indeed, there should be regular coaching that must be done by officers of Bank BRI, as due to human instincts, without any coaching or bond between capital owners and business actors, the use of finance may not be per the original plan, namely for business development.

As stated by Nurhamdi (Assistant Micro Business Manager (AMBM) BRI Situbondo)

“The credit is not only distributed or disbursed because the people of Situbondo in terms of their ability to manage finances are still very low due to their low level of education, so they have the potential to misuse the finances received from BRI. Therefore, it is necessary for BRI officers to always provide guidance.”

There is a significant effect between the education level and the ability to manage a business and finances ((Nashihin & Harahap, 2014); (Shaban & James, 2018); (Sovacool, 2018)). Therefore, BRI officers must always routinely and diligently guide in assisting the financial management of customers, so the government's goals to improve the community welfare are quickly achieved, and there is a reduction in poverty levels. The following is a scheme of how coaching and mentoring are carried out by the BRI Unit Mantri. Fostering family relationships with debtors is one way of fostering debtors because this way is more open to problems faced by debtors for business management or business finance management. Regarding the development, he also discussed directly with the KUR Debtor of Bank BRI Situbondo, which is engaged in the motorcycle repair business named Abdul Aziz, who said:

“...Alhamdulillah sir...since I received a KUR credit from BRI Situbondo, my business has grown and I know how to develop a business and manage the financial entry and exit that I get from BRI, because BRI officers come to the workshop every week to provide motivation and looking for business development opportunities, so that my business is growing very rapidly. From the beginning, I had three employees because my business has grown, now it has five employees.”

That is one example of the construction carried out by BRI against KUR debtors so that the debtor's business rapidly grows, so the possibility of bad credit is very small. There are also opinions expressed from another debtor named Joko Sosanto, who owns a Laundry business and beverage seller:

“I would like to convey my gratitude to BRI. I was trusted to be given credit by BRI, so my capital increased, but I got confused while managing the finances I received from BRI because the current economic condition is unstable, and prices are fluctuating. Meanwhile, it resulted in a decrease in my turnover or income, while BRI officers after credit disbursement never came here again, so I had a hard time regarding whom to consult and how to develop the finances I received from BRI, even though every month I had to deposit principal and interest.” (Interview date-January 26, 2021).

Other debtors also expressed their opinions on KUR. H. Humaidi, who is engaged in the rice trade business, said:

“Thank you, I was given a loan from BRI Situbondo for additional capital for my business in rice trading, so that I could buy rice in several places, not only in Situbondo but also in Banyuwangi and Probolinggo, so Alhamdulillah stock is available. I have a lot of rice now. And

more than half of the capital money given by BRI, or approximately 80%, has been used to buy rice, but I find it difficult to sell my merchandise because not too many relationships can buy rice. I actually hope that BRI officers will come here often to guide me in terms of rice marketing and financial management, because I think that BRI officers have a lot of relationships so that I can be helped to sell rice faster and my business can grow. If the business grows, it will not be too difficult for me to repay the credit to BRI. My business is running smoothly, BRI is also running smoothly.” (Interview on January 30, 2021)

Another KUR entrepreneur, who also talked about the construction of BRI officers is Sutajar, is a farmer with a rice and corn business. He said:

“Thank you. I was given a credit from BRI Situbondo, which was used for agricultural business capital and rice and corn, After getting money from the Bank, I used it to rent agricultural land. I am grateful to be able to add business in the hope of making my standard of living more prosperous, but I faced difficulty in developing the business because of the difficulty of getting fertilizer and medicines for agriculture, in addition to the erratic price (ups and downs), resulting in poor crop yields. After harvesting, I even have difficulty in marketing the crop. BRI officers never come to the house; they only call at the end of the month to pay the deposit.”

From the results of the interviews above, it can be seen that there are differences between frequently visited and seldom visited debtors in managing their business and managing finances. If they are frequently visited, their business will continue to grow, and their credit is predicted to be smooth, while entrepreneurs who are rarely visited will feel that there is a distance and difficulty in managing finances, and it has an impact on NPLs. Therefore, according to researchers, coaching by bank officers is very important to maintain credit quality (Gustafson, Ivanov, & Meisenzahl, 2021).

Monitoring and Assistance of BRI Situbondo to KUR Recipients

KUR recipient debtor at the PT. Persero Bank Rakyat Indonesia Situbondo requires assistance from KUR BRI Situbondo officers either from the unit Mantri or AO branch so that later it will have a positive impact on the payment of installments of KUR and minimize bad credit numbers or NPL. Loan monitoring is an integrated effort covering two aspects, namely an assessment of credit performance and debtor business performance and a follow-up plan to solve existing problems. In fact, credit performance is not directly proportional to business performance because there could be good debtor business performance, but credit performance may not be good because the debtor is not cooperative and does not meet his obligations in time. When implementing credit monitoring, one must pay attention to both aspects above.

The objective of monitoring the debtor's business performance is the numbers and ratios in the debtor's financial statements; the objective of monitoring credit performance is the number/credit information from the bank, while the objective of monitoring the debtor's performance is done by looking at the development and business prospects. Proper monitoring will serve as an early warning sign for problems that may arise in the debtor's company and immediately seek a follow-up plan to solve the problem (Sánchez Serrano, 2021) so it can ultimately avoid or minimize the risk of not paying off loans to banks. Passive and administrative monitoring for

debtors is basically coaching through observation of information and records of existing records from the debtor's financial statements, as well as information from third parties (accountants, appraisals, and mass media).

The function of information from the mass media is also very important; for example, the existence of information about government policies that provide convenience in certain businesses, such as the ease of establishment of shoe factories for foreign investment in Indonesia where the products are planned to be marketed domestically. This information in the long term will affect the price and quality of the home industry business by debtors who produce shoes because, with simple equipment conditions, the industrial home production of shoes will likely not be able to compete with the manufacturer's products. If the home industry business is financed by BRI, then the information has a negative impact on BRI banks. In this context, debtor monitoring by BRI Situbondo conducts an assessment of credit quality to KUR debtors, as well as takes anticipatory steps needed to overcome the problems that arise, where the credit problems contained in each debtor are always different, so the handling is not the same according to the situation and condition of the debtor.

Parameters that can be analyzed and used as early warning signs in passive monitoring individually, among others (Raykov & Silva-Buston, 2020), are (1): On balance sheets, the collection period begins to slow down and the period of inventory turnover or a sharp increase is seen in receivable posts and inventories. Receivables are concentrated on a particular party, or debtor is a compromise on receivables, so billing takes a long time. There is a rapid increase in receivables to employees, directors, or arising affiliate receivables (previously none). (2) There is a rapid increase in fixed assets short-term/long-term debt that did not previously appear in the balance sheet. There is an increase in debt to other parties. (3) Loss/Profit of debtors. There is a decrease in sales and gross profit. There is a drastic increase in costs disproportionately, resulting in decreased profit margins. There is a taking without the bank's consent (especially if credit terms are prohibited). There is an uncollected receivables removal fee or large amounts of damaged inventory. The business begins to lose money.

Active monitoring for debtors

It is carried out by active coaching through mentoring to monitor the quality and business prospects of the debtor, including management. Some important questions are: Is there a change in the attitude of the management/owner of the company toward the bank (Sultanbaiuly et al., 2022), especially the intention to cooperate? For example, bank officials have difficulty or do not meet the management/owner of the company. Has there been a split in the management, so that the management throws responsibilities at each other, including the responsibility for fulfilling obligations to the bank? (Kick et al., 2020). Is the supervisory function in the company not running, the management/owner of the company is too expansive in developing its business without being supported by sufficient experience? Whether the placement of workers is based on personal expertise, and not on the basis of family relationships? Are there labor problems in the debtor's company? The existence of a central/regional government regulation that regulates the trading system of products produced by debtors, with changes to these regulations, can have a positive/negative impact on the debtor's business; for example, a new permit from the local

government for the establishment of a retail wholesale market in the area of the debtor's business (grocery traders) will threaten the continuity of the debtor's business (Al-Hyari, 2020).

Credit quality monitoring is carried out to find out as early as possible the debtor's credit performance (Tavasharovich, 2020). This needs to be done considering that a good debtor's business quality does not guarantee that it will produce good credit quality because the orderliness of payment of obligations (interest and principal) is influenced by aspects of character. The credit quality of KUR debtors can also be seen from the activity data of the debtor's account at the BRI Situbondo Bank, through which, data can be obtained from the debtor's. Monitoring of credit quality is necessary to determine: (1) Order of the debtor in fulfilling the obligation to pay principal and or interest on credit. (2) Whether the purpose of using the credit is in accordance with the original use purpose; if the KUR provided is used to finance fixed asset investments, the net working capital/Net Working Capital will decrease and, in the end, the debtor's cash flow will decrease and may affect the debtor's ability to meet its obligations. (3) Whether the KUR credit provided has been used appropriately for businesses that are financed according to the credit agreement and not for other businesses. (4) Whether the structure, type, and terms of the credit provided are appropriate and in accordance with the characteristics of the debtor's business nature. If the credit is not appropriate, it must be anticipated by taking follow-up actions in the form of changes to the type, structure, and credit terms. (5) Is the amount of credit limit given adequate; for example, if the debtor wants to apply for additional credit, but the credit performance data shows the use of the ceiling has never been maximized, then the loan data recorded in the R/K mutation activity (debtor's current account) can be used as a basis for notifying that the existing ceiling is still covered and the BRI Situbondo can decide that it is not necessary to apply for additional credit.

Post Credit Assistance

Mentoring in post-credit is an advanced construction and developmental activity for debtors (Yusgiantoro, Soedarmono, & Amp. Tarazi, 2019). This post-credit assistance when viewed from the bank side acts as a means to supervise credit returns. However, from the BRI side, it is in addition to monitoring activity on the results of mentoring itself as well as a means of whether BRI Situbondo succeeds in sending or connecting MSMEs as reliable debtors/customers. In terms of advanced development, the bank can cooperate with BRI Situbondo to monitor the use of credit; and for installment billing, collection of savings, and another coaching in connection with other financial problems. However, if the bank does not want the cooperation with BRI Situbondo to do the above, then BRI Situbondo continues to conduct assistance activities to debtors until the KUR credit period is paid off.

In conclusion, the purpose of coaching and mentoring debtors implemented by BRI Situbondo is a professional and moral responsibility, especially in the development of debtors, ensuring the timely return of credit that ultimately has an impact on the creation of a conducive climate for the growth and development of debtors; this also facilitates the realization of debtors into efficient, healthy, and high-growth businesses, so as to be able to become the economic power of the people and make a large contribution to national economic development. Debtors can play the highest role in the absorption of labor and sources involved in the creation of forms of

cooperation that can strengthen the position of MSMEs competing at the national and international levels (Nashihin & Harahap, 2014; Shaban & James, 2018).

5. Discussion

Obstacles in Implementing *Kredit Usaha Rakyat* (KUR) at Bank Rakyat Indonesia Situbondo Branch

In every policy formulation, whether regarding programs or activities, are always accompanied by an implementation or implementation action (Karadima & Louri, 2020). No matter how good a policy is without implementation, it does not mean much. Policy implementation is not just related to the mechanism of elaborating political decisions into routine procedures through bureaucratic channels, but more than that, it concerns conflict, decisions, and who gets what from a policy (Tavasharovich, 2020). Therefore, it is not excessive to say that policy implementation is an important aspect of the entire policy process. This shows a close relationship between the formulation of policy and the implementation of policies in the sense that even though the formulation is done perfectly, if the implementation process does not work according to the requirements, then the original good policy will be bad and vice versa.

In this regard, (Sovacool, 2018) stated that the implementation of policy is extremely important, even more important than wisdom. Wisdom is just a dream or a good plan stored in the archives but it cannot be implemented. One of the policies introduced by the government for empowering small businesses, especially in capital access, is through the KUR program (Toleuly, Almas; Yessengeldin, Bauyrzhan; Khussainova, Zhibek; Yessengeldina, Anar; Zhansaitov, 2020). Basically, KUR is a credit or financing of working capital and or investment to micro, small, medium, and cooperative businesses in the field of productive and viable but not yet *bankable* businesses partly guaranteed by the guarantor company. The KUR program was born in response to Presidential Instruction No. 6 of 2007 on Policy of Accelerating Real Sector Development and Empowerment of Small and Medium Micro Enterprises, especially in the field of Financial Sector Reform. The Instruction of President (*inpres*) was followed up by the signing of a *Memorandum of Understanding* between the Government, Underwriting Institutions, and Banking on October 9, 2007, as amended by an *addendum* on May 14, 2008.

About Credit Guarantee/Financing to debtors and Cooperatives or, more popularly, with the term KUR, the results of observations from the field showed that obstacles in general or in the distribution of KUR lie in the regulations and systems in BRI management.

As stated by Marta (KUR Mantri):

“We experienced many obstacles, one of which was that the amount of targets that had to be distributed to each Mantri was too large, so the time for coaching debtors was very limited. This is the joy and sorrow of being a Mantri.”

Marta's statement above showed that the construction could not be maximally done because of the number of tasks that must be done in connection with the magnitude of KUR distribution targets, both in terms of the amount of credit and the number of debtors. This was also revealed by the Head of BRI Unit Asembagus Ibu Hj. Chairun Nisa' said:

“Being a Head of Unit is not the same as before, because there are so many BRI customers now, the number of products is also large, the online system binds Ka. The unit always stays in the office. As the disbursement system for both deposits and loans can only be executed after there is fiat/approval of the head of the unit, including having to manage an ATM machine, the time to develop credit customers is very limited.” (Interview on February 4, 2021)

It has become a phenomenon among BRI unit heads because of the tasks that accumulate, due to system changes from manual to online, where disbursements can be paid after using the password from the Head of the BRI Unit. Hence, the time *on the spot* or visit to the debtor for coaching becomes very limited. The management is responsible for the distribution of KUR (Yusgiantoro et al., 2019) in the Situbondo Regency.

As opined by Nurhamdi, an Assistant Micro Business Manager (AMBM):

“The task of friends in the BRI Unit is now very difficult because the management demands that BRI Bank must remain the best bank and the competition in the banking industry is also high in terms of finding new debtors, especially KUR debtors so that it has an impact on the workings of the Unit Head and his ranks. This policy turns out to be not directly proportional to the guidance to debtors, even though this is one of the tasks that must be carried out by the unit leader.”

Through the KUR program, the government expects an accelerated development of economic activities, especially in the real sector, in the framework of poverty reduction or alleviation and expansion of employment opportunities (Fianto et al., 2018; Wasiaturrehman, Sukmana, Ajija, Salama, & Hudaifah, 2020). Referring to the KUR legal foundation mentioned above, the KUR program scheme has differences both compared to empowerment programs/assistance to the community and with other program credit schemes issued by the government. KUR is a Working Capital Credit or Investment Credit that is fully financed from banking funds, given to new debtors with a maximum credit ceiling of Rp. 500 million.

A financed business is a productive business that *is feasible* but not yet *bankable*. Interest rates are set at a maximum of 24% effective per year for credit supply up to Rp. 5 million and a maximum of 16% effective per year for credit supply above Rp. 5-500 million. Nationally, KUR distribution conducted by six KUR implementing banks until the end of December 2015 was recorded at Rp. 12,6242 billion for 1,671,668 customers. Two economic sectors absorb the largest KUR program, namely the trade, hotel, and restaurant sectors, with a portion reaching 58.5% or Rp. 7,388 billion and the agricultural sector with a portion of 21.9% or 2,769.3 billion of the total KUR channeled. Speaking of small business development, it is inseparable in terms of capital (credit). Through the KUR program, small entrepreneurs can access credit that can be used as capital to start and open a new productive business ((Shaban & James, 2018)). In addition, capital or credit will increase people's passion in carrying out various types of business activities through creativity and own initiatives to improve their standard of living or, in other words, capital/credit can be used by small entrepreneurs to expand and develop their business so as to increase the income earned by small entrepreneurs.

In the poor community in Situbondo Regency, many moneylenders or lenders provide capital assistance to small entrepreneurs by using collateral in the form of property owned by small

entrepreneurs. This can indeed help the financial problems faced by small entrepreneurs but only temporarily, following which the small entrepreneurs will get a new problem, namely loan repayments accompanied by high-interest rates, about 5% to 15% per month. Small entrepreneurs late in paying the debts given by the loan sharks will also be subject to fines with high-interest rates. Therefore, small entrepreneurs will actually experience difficulties in developing their business and repaying loans to lenders, namely loan sharks or bonded laborers. As such, the credit provided by the government through the KUR program is expected to be in accordance with the capabilities of small entrepreneurs.

6. Conclusion

The KUR of Bank Rakyat Indonesia Situbondo Branch can realize the empowerment of the poor through the KUR of Bank Rakyat Indonesia in Situbondo Regency, East Java, which includes credit distribution and guidance to debtors. The BRI KUR program in Situbondo is quite large, and it empowers the poor through an economic approach, so it is able to reduce poverty in Situbondo Regency and increase macroeconomic growth evenly. In understanding the empowerment of the poor through KUR, most people consider KUR funds as gifts or grants from the government. However, KUR is not a grant from the government to the community. In accordance with the previous definition of KUR, it was stated that KUR is credit/financing to MSMEK (Micro, Small, Medium Enterprises and Cooperatives), so that the debtor is obliged to return the KUR loan funds to Bank BRI Situbondo, which provided the KUR fund (Savitri, 2014; Yin, Zhu, Kirkulak-Uludag, & Zhu, 2020). Funds for KUR distribution are 100% sourced from Implementing Bank funds collected from public funds in the form of demand deposits, savings, and time deposits.

Guidance and assistance of the BRI Situbondo Branch led to empowering the poor through KUR in the Situbondo district. One of the indicators and main tasks of the Bank, in addition to distributing credit, is acting as a facilitator, motivator, and guiding debtors (Pratiwi, Dwiatmanto, & Endang, 2016). Based on the BRI Bank Credit distribution manual, a Mantri or AO acts as the person in charge of credit distribution; it is carried out at least once every three months. Absolute guidance is carried out by BRI Bank officers such as paramedics and AO because it is hoped to increase human resources owned by debtors, who initially lacked self-reliance and were expected to have an entrepreneurial spirit. Considering the policies carried out, as long as they are reviewed, balancing the targets must be achieved with the Mantri's ability to manage accounts. To ensure they have time to guide and assist debtors, it is hoped that the debtor's business will develop more by instilling an entrepreneurial spirit so that the credit quality will also be healthy.

Constraints or obstacles in implementing the KUR at Bank Rakyat Indonesia Situbondo Branch lie in the regulations and systems that exist in the management of BRI. As the target amount to be distributed to each Mantri is too large, the time for coaching to debtors becomes very limited, making credit conditions unhealthy or bad loans/NPLs (Al-Khazali & Mirzaei, 2017).

Acknowledgments

This research was conducted independently without financial sponsorship from any parties. The researcher has no conflict of interest over the research conducted.

References

- Abid, L., Ouertani, M. N., & Zouari-Ghorbel, S. (2014). Macroeconomic and Bank-specific Determinants of Household's Non-performing Loans in Tunisia: A Dynamic Panel Data. *Procedia Economics and Finance*, 13(December 2013), 58–68. [https://doi.org/10.1016/s2212-5671\(14\)00430-4](https://doi.org/10.1016/s2212-5671(14)00430-4)
- Acheampong, A., & Elshandidy, T. (2021). Does soft information determine credit risk? Text-based evidence from European banks. *Journal of International Financial Markets, Institutions and Money*, xxx, 101303. <https://doi.org/10.1016/j.intfin.2021.101303>
- Aghazamani, Y., Kerstetter, D., & Allison, P. (2020). Women's perceptions of empowerment in Ramsar, a tourism destination in northern Iran. *Women's Studies International Forum*, 79(January), 102340. <https://doi.org/10.1016/j.wsif.2020.102340>
- Al-Hyari, K. (2020). Initial Empirical Evidence on How Jordanian Manufacturing Smes Cope With The COVID-19 Pandemic. *Academy of Strategic Management Journal*, 19(1), 1–12.
- Al-Khazali, O. M., & Mirzaei, A. (2017). The impact of oil price movements on bank non-performing loans: Global evidence from oil-exporting countries. *Emerging Markets Review*, 31, 193–208. <https://doi.org/10.1016/j.ememar.2017.05.006>
- Azizah, N., & Armoyu, M. (2018). *Penanggulangan Kemiskinan Berbasis Pemberdayaan Melalui Program Kredit Usaha Rakyat BRI Situbondo*. 737–754.
- Boret, N., Gawande, K., & Kobb, D. P. (2021). Can decentralization lower poverty? Cambodia's Commune and Sangkat Fund. *World Development*, 146, 105548. <https://doi.org/10.1016/j.worlddev.2021.105548>
- Chen, S., Chou, R. K., Liu, X., & Wu, Y. (2020). Deregulation of short selling constraint and cost of bank loans: Evidence from a quasi-natural experiment. *Pacific-Basin Finance Journal*, 64(October), 101460. <https://doi.org/10.1016/j.pacfin.2020.101460>
- Djebali, N., & Zaghdoudi, K. (2020). Threshold effects of liquidity risk and credit risk on bank stability in the MENA region. *Journal of Policy Modeling*, 42(5), 1049–1063. <https://doi.org/10.1016/j.jpolmod.2020.01.013>
- Fardoust, S., Kanbur, R., Luo, X., & Sundberg, M. (2018). An evaluation of the feedback loops in the poverty focus of world bank operations. *Evaluation and Program Planning*, 67(August 2017), 10–18. <https://doi.org/10.1016/j.evalprogplan.2017.08.013>
- Fianto, B. A., Gan, C., Hu, B., & Roudaki, J. (2018). Equity financing and debt-based financing: Evidence from Islamic microfinance institutions in Indonesia. *Pacific Basin Finance Journal*, 52(July 2017), 163–172. <https://doi.org/10.1016/j.pacfin.2017.09.010>
- Haile, D., Seyoum, A., & Azmeraw, A. (2021). Does Building the Resilience of Rural Households Reduce Multidimensional Poverty? Analysis of panel data in Ethiopia. *Scientific African*, 12, e00788. <https://doi.org/10.1016/j.sciaf.2021.e00788>

- Hawthorn, G. (1993). Liberalization and “modern liberty”: Four southern states. *World Development*, 21(8), 1299–1312. [https://doi.org/10.1016/0305-750X\(93\)90044-A](https://doi.org/10.1016/0305-750X(93)90044-A)
- Herdiansyah, H. (2010). Metodologi penelitian kualitatif untuk ilmu-ilmu sosial. *Jakarta: Salemba Humanika*.
- Jayadev, M., Singh, H., & Kumar, P. (2017). Small finance banks: Challenges. *IIMB Management Review*, 29(4), 311–325. <https://doi.org/10.1016/j.iimb.2017.10.001>
- Khoirurrijal, K. (2017). ISLAM NUSANTARA SEBAGAI COUNTER HEGEMONI MELAWAN RADIKALISME AGAMA DI INDONESIA. *AKADEMIKA: Jurnal Pemikiran Islam*. <https://doi.org/10.32332/akademika.v22i1.616>
- Kick, T., Malinkovich, S., & Merkl, C. (2020). Loan supply and bank capital: A micro-macro linkage. *Journal of International Money and Finance*, 104, 102166. <https://doi.org/10.1016/j.jimonfin.2020.102166>
- Kumar, V., Thrikawala, S., & Acharya, S. (2021). Financial inclusion and bank profitability: Evidence from a developed market. *Global Finance Journal*, January, 100609. <https://doi.org/10.1016/j.gfj.2021.100609>
- Maliah, & Panorama, M. (2022). The Role of Neutral Information and Accounting Information of Women Investors in Investing in the Sharia Capital Market. *International Journal of Economics, Business and Management Research*, 06(01), 26–40. <https://doi.org/10.51505/ijebmr.2022.6103>
- Mandala, I. G. N. N., Nawangpalupi, C. B., & Praktikto, F. R. (2012). Assessing Credit Risk: An Application of Data Mining in a Rural Bank. *Procedia Economics and Finance*, 4(Icsmed), 406–412. [https://doi.org/10.1016/s2212-5671\(12\)00355-3](https://doi.org/10.1016/s2212-5671(12)00355-3)
- Miles, M. B., Huberman, A. M., & Saldana, J. (2014). Qualitative Data Analysis: A Methods Sourcebook. Third Edition. In *The SAGE Handbook of Applied Social Research Methods*.
- Nashihin, M., & Harahap, L. (2014). The Analysis of the Efficiency of BPR-S: Production Function Approach Vs Financial Ratios Approach. *Procedia - Social and Behavioral Sciences*, 115(Icics 2013), 188–197. <https://doi.org/10.1016/j.sbspro.2014.02.427>
- Nugroho, A., Amir, H., Maududy, I., & Marlina, I. (2021). Poverty eradication programs in Indonesia: progress, challenges and reforms. *Journal of Policy Modeling*. <https://doi.org/10.1016/j.jpolmod.2021.05.002>
- Raykov, R., & Silva-Buston, C. (2020). Holding company affiliation and bank stability: Evidence from the US banking sector. *Journal of Corporate Finance*, 65(August), 101739. <https://doi.org/10.1016/j.jcorpfin.2020.101739>
- Rozanova, M. S., & Mikheev, V. L. (2020). Rethinking women’s empowerment: Insights from the Russian Arctic. *Social Sciences*, 9(2). <https://doi.org/10.3390/socsci9020014>
- Sánchez Serrano, A. (2021). The impact of non-performing loans on bank lending in Europe: An empirical analysis. *North American Journal of Economics and Finance*, 55(xxxx), 101312. <https://doi.org/10.1016/j.najef.2020.101312>

- Shaban, M., & James, G. A. (2018). The effects of ownership change on bank performance and risk exposure: Evidence from indonesia. *Journal of Banking and Finance*, 88, 483–497. <https://doi.org/10.1016/j.jbankfin.2017.02.002>
- Sovacool, B. K. (2018). Success and failure in the political economy of solar electrification: Lessons from World Bank Solar Home System (SHS) projects in Sri Lanka and Indonesia. *Energy Policy*, 123(June), 482–493. <https://doi.org/10.1016/j.enpol.2018.09.024>
- Sultanbaiuly, S., Nasyrhanov, A., Khan, Y., Development, T., Kenenova, K., Konuspayev, R., & Bazarbayev, A. (2022). *DIRECTIONS OF REGULATIONS AND MANAGEMENT Serik Sultanbaiuly, Bohemian Central University of the Czech Republic*. 21(1), 1–8.
- Tavasharovich, B. B. (2020). Impact of the Monetary Policy of the Central Bank on. *International Journal of Economics, Business and Management Research*, 4(01), 1–19.
- Toleuly, Almas; Yessengeldin, Bauyrzhan; Khussainova, Zhibek; Yessengeldina, Anar; Zhanseitov, A. et al. (2020). Features of E-Commerce Risk Management. *Academy of Strategic Management Journal*, 19(1), 6104.
- Umar, M., Ji, X., Mirza, N., & Naqvi, B. (2021). Carbon neutrality, bank lending, and credit risk: Evidence from the Eurozone. *Journal of Environmental Management*, 296(March), 113156. <https://doi.org/10.1016/j.jenvman.2021.113156>
- Ur Rehman, A., Aslam, E., & Iqbal, A. (2022). Intellectual capital efficiency and bank performance: Evidence from islamic banks. *Borsa Istanbul Review*, 22(1), 113–121. <https://doi.org/10.1016/j.bir.2021.02.004>
- v. M. buyanov. (1967). Pengentasan kemiskinan model Muhammad Yunus. *Angewandte Chemie International Edition*, 6(11), 951–952., 1, 78–97.
- Wan, G., Hu, X., & Liu, W. (2021). China's poverty reduction miracle and relative poverty: Focusing on the roles of growth and inequality. *China Economic Review*, 68(May), 101643. <https://doi.org/10.1016/j.chieco.2021.101643>
- Wu, H. C., Chang, Y. Y., & Wu, T. P. (2019). Pilgrimage: What drives pilgrim experiential supportive intentions? *Journal of Hospitality and Tourism Management*, 38(November 2018), 66–81. <https://doi.org/10.1016/j.jhtm.2018.11.001>
- Zhang, J., & Zhang, Y. (2021). A qualitative comparative analysis of tourism and gender equality in emerging economies. *Journal of Hospitality and Tourism Management*, 46(26), 284–292. <https://doi.org/10.1016/j.jhtm.2021.01.009>
- Zhou, G., Sun, Y., Luo, S., & Liao, J. (2021). Corporate social responsibility and bank financial performance in China: The moderating role of green credit. *Energy Economics*, 97, 105190. <https://doi.org/10.1016/j.eneco.2021.105190>