

The Role of Financial Institutions in the Crackers Industry SMEs The Karangmluwo Mangli Kaliwates Community, Jember

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Abstract,

The objective of the financial inclusion program is to eliminate all forms of barriers to public access to the use of financial services supported by existing infrastructure. Thus the SMEs community will easily overcome the problem of lack of capital by getting easy financing services from banks, in this study conducted on the SMEs community in the Karangmluwo cracker industry. However, can the SMEs community of the Karangmluwo cracker industry as a whole be able to feel the benefits of the financial inclusion program? Until this research formulated the formulation of the problem: What is the role of financial institutions in financial inclusion in the Karangmluwo cracker industry SMEs?, what are the arguments of the Karangmluwo cracker industry community who are reluctant to collaborate with financial institutions? crackers Karangmluwo?. This study uses a descriptive qualitative approach and the results of research on several SMEs in the cracker industry of the Karangmluwo community, Mangli Kaliwates Jember, show that the benefits of the financial inclusion program are still not evenly distributed, it is proven that there are still Karangmluwo cracker industry communities who are reluctant to collaborate with financial institutions because of the complicated requirements and lack of socialization from the financial institutions. However, there are also some industrial communities in Karangmluwo who can benefit from this financial inclusion

Keywords: Financial Institutions, Financial Inclusion, SMEs

INTRODUCTION

Institutions in terms of finance that are in charge of distributing to the public in the form of banks as well as non-banks, their development has increased from year to year. Agency in financial form has a role as an intermediary between creditors and debtors. In increasing for financial services dominate society to alleviate poverty. Therefore, the government launched a program aimed at equality in improving the so-called economy financial inclusion, with the main target is the community MSMEs. Financial Inclusion has a focus on minimizing the form of obstacles to public access to utilizing financial services that are supported by existing facilities and infrastructure.

Thus the MSME community will easily overcome the problem of lack of capital by getting the convenience of financing services from banks. However, can the MSME community as a whole be able to benefit from the financial inclusion program?

Enhancement financial inclusion have function lending, funding, and carry out financing. The role of the institution as an intermediary between creditors and used to meet the needs of society both consumptively and productively. Improved access to financial services correlates to increasing societal needs. Cheng and Degryse revealed that the economy experienced an increase including from the financial sector, both banking and non-banking. Preparation of financial aspects to improve the economy. This research provides evidence of banks in terms of providing financing services so that the economy can increase more significantly. (Nengsih, 2015)

Financial Inclusion used as an effort to support the financial system. So that it can be accessed by all levels of society so as to support economic development it is also used to reduce poverty levels. The goal in financial inclusion is to reduce some of the obstacles by increasing public access to be used as financial service facilities, also supported by facilities and infrastructure. In a broad sense, the program is used to improve a more inclusive and sustainable economy, as well as to benefit the welfare of the people and society

Financial programs to improve people's welfare viz financial inclusion. By doing income distribution it is used to reduce the poverty rate, as well as stabilize the financial system. (Bank Indonesia, 2014) The active role of the community can be increased for the implementation of financial services, namely several important policy programs for one of the countries that are not yet developed so that the banking and financial system they have is not yet developed. growing and several times servicing customers who have high incomes or large companies. The widespread distribution of financial services is less equitable, so that it becomes a factor constraining the progress of several SME Units and underprivileged families.

The Small and Medium Enterprises industry has the potential to be developed, namely the cracker industry. In quantitative research there is no data that can describe the amount of consumption of crackers. But it can be predicted that the number of people who consume crackers has increased significantly. The cracker industry, which is one of the characteristics of complementary foods in Indonesia, is also in demand by the whole

community in general. Demand, The total population is increasing and the quality of life is increasing, the demand for cracker products is also increasing. From the data from the National Socioeconomic Survey (Susenas), people in cities tend to consume more crackers than people in villages. It needs to be underlined that the expenditure for the consumption of crackers in the city is more than the consumption of crackers by residents in the village.

From several studies conducted, there has been an increase in home industry businesses starting to mushroom in various regions, both classified as small and medium enterprises (SMEs) as well as large businesses, resulting in increasingly fierce business competition between small and medium businesses. The Karangmluwo cracker industry as a household-based industry has quite good potential to be developed because crackers as a commodity can increase the potential so that it can be advanced and the prospects are quite good. The cracker industry in Karangmluwo has experienced ups and downs in its production in the last 5 years. However, the cracker industry in Karangmluwo has been running for more than 25 years. The following table shows data for the last five years regarding MSME Production in Karangmluwo.

Table 1

NO	T AHUN	INDUSTRI KRUPUK	INDUSTRI MI LIDI
1	2017	6 – 7 Ton	20 – 30 Kg
2	2018	5 – 6 Ton	30 – 45 Kg
3	2019	4 – 5 Ton	45 – 55 Kg
4	2020	3 – 4 Ton	50 – 60 Kg
5	2021	5 – 6 Ton	60 – 75 Kg

Source: interviews and documents from the Mangli Kelurahan Office.

The rise and fall of the Karangmluwo cracker industry is due to, among other things: the price of raw materials increases every year, the weather is unpredictable, businesses that are different from the previous ones have emerged, or a lack of capital from the wishes of the cracker industry business actors. The question that then arises is "how is the capital for the Karangmluwo cracker industry?" It should be noted that financial institutions, namely bank programs that are owned are specific for cracker industry business actors lacking access to financial institutions, with the type of financial inclusion

program. The second obstacle is "why is the Karangmluwo cracker industry community still constrained by its capital? From several existing problems and from several previous studies examining financial inclusion there are quite a lot but what is specific to the Karangmluwo cracker industry community has not been found, so this research is interesting to researched under the title "The Role of Financial Institutions in Financial Inclusion in the UMKM Cracker Industry in the Karangmluwo Kaliwates Community, Jember"

Financial inclusion or financial inclusion became a trend after the 2008 crisis, mainly based on the impact of the crisis on groups in the bottom of the pyramid (irregular low incomes, living in remote areas, disabled people, workers who do not have legal identity documents, and marginalized communities) who generally unbanked which is very high outside of developed countries.

Even if they belong in the bottom of the pyramid and have no savings (saving) can be trusted between them still have unproductive moving objects (holding) which are used daily such as rings/necklaces etc. which can be poured and used for productive things such as for non-formal micro business capital or farming and raising livestock, etc. Even at this thought they sometimes forget. By cashing out holding Hopefully this will be one way to solve the problem. Especially if they are assisted and fostered. (Miraza, 2014)

Global Financial Development Report 2014 defines Financial Inclusion as "The proportion of individuals and firms that use financial service has become a subject of considerable interest among policy makers, researchers and other stakeholders." financial inclusion is a situation where the majority of individuals can take advantage of available financial services and minimize the existence of groups of individuals who are not aware of the benefits of access to finance through access that is already available without high costs. (Salim, 2014)

MSMEs are productive businesses owned by individuals and business entities that have met the criteria for micro-enterprises. More clearly, the definition of MSMEs is regulated in the Law of the Republic of Indonesia No. 20 of 2008 concerning MSMEs, which states that MSMEs are in accordance with the type of business, namely micro, small and medium enterprises. (Kompas.com, 2022)

METHODS

The research carried out is a qualitative method which is a research method that has a foundation in philosophy postpositivism, or paradigm interpretive and constructive, so that it can be seen as a social reality as well as something comprehensive, flexible, meaningful and there are relationships that have the nature of interaction used to conduct research on natural objects, researchers are used as core informants, data collection techniques are carried out triangulation (combined), qualitative data analysis techniques that have an inductive nature and the research output emphasizes more meaning than generalization. (Sugiyono, 2008)

The research used a qualitative method because researchers want to know and analyze more deeply and in detail about the role of financial institutions in financial inclusion in the UMKM cracker industry in the Karangmluwo Kaliwates community, Jember. Some of the methods used for this research are the financial institution approach.

Research that uses a descriptive qualitative approach allows researchers to make relations between concepts, generalizations that can be developed and developed with theory, has an overall level of validity. (Moleong, 2008) Several combinations with rationality and phenomenological approaches allow research to be carried out intensively, in detail and in depth about the role of financial institutions in financial inclusion in MSMEs. Qualitative research is intended to know the reality of what is experienced by researchers, for example attitude, perception, motivation, action, as a whole and is described in appropriate and scientific language and words so that it can be used as a natural method. (Molong, 2008)

RESULT AND DISCUSSION

In Mangli Village, to be precise, in the Karangmluwo environment, RT 07 RW 02, the majority of the people work as cracker laborers, which on average are dominated by housewives, but also the heads of the household work as cracker laborers, but fewer in number than female workers. . Income as a cracker worker earns a salary of 30,000/day, and most of the livelihood for the head of the household is as a construction worker who earns Rp. 80,000/day if free (bring your own food), and Rp. 55,000/day if you don't bring

your own food. However, apart from being cracker workers and construction workers, there are other sectors that are the business choices of the Karangmluwo people in meeting their daily needs, such as opening a shop, grocery store, photocopying and renting a house because the Karangmluwo environment is in the vicinity of the Islamic State University of Kiai Hjai Achmad Siddiq Jember or better known as UIN KHAS Jember.

In terms of education, the people of Kelurahan Magli can be said to be good and they are aware that education is very important to support a better life in the future. Even though some residents are in very poor economic conditions, they will still try to keep their children in school, at least up to high school level. The number of community education levels includes around 200 elementary school-level graduates, 1,957 junior high schools, 4,517 high school students, 1,201 diplomas, 484 diploma II students, 1,744 undergraduate students, 204 undergraduate students, and 19 undergraduate students. Some of the population with this level of education live in the Karangmluwo environment. (Interview, 2022)

The UMKM cracker industry has become an environmental icon in Karangmluwo, because on average their livelihood is producing crackers. Mr. Win, Mr. Haji Tris, Mrs. Sofia and several cracker industries which are only managed by one family.

From several interviews regarding the constraints experienced by the cracker industry, the increase in flour prices, rainy weather. During the rainy season, the solution is to take the holiday first, rather than the result being ugly crackers, but those who have dryers still make them, even though the costs used are more expensive. With rising material prices and the constraints of the rainy season requiring them to have more capital to be able to continue producing, this is where financial inclusion really contributes to their capital difficulties.

However, some of the cracker industries only partially take advantage of financial inclusion in capital, because the financial inclusion program is still considered difficult according to the requirements of those who are reluctant to take advantage of this financial inclusion.

The Role of Financial Institutions in Financial Inclusion in the UKM Karangmluwo Cracker Industry

Financial Inclusion not only in the form of banking institutions, not only to obtain credit. But how can business actors never have savings before, have not used loans in the form of credit given the opportunity to have savings and get credit. (Inpres, 2020) So that inclusive finance can be realized it is needed for financial institutions that are directly related to customers or prioritize the lower class level up to middle class. The research that has been conducted is interviews with business actors in the cracker industry as well as the banking sector.

It can be seen how far the growth rate of inclusive financial activities is needed by performance parameters. Things that affect the growth of financial inclusion include: access to credit, use of services, quality, and level of welfare. (Beik & Arsyianti, 2016)

1. Credit Access

In this case, it is used as a parameter regarding the ability to use financial services so that it can be reached both in terms of price and from a physical perspective. Access that reaches the location of the Financial Institution is somewhat closer to where the cracker industry business actors are and especially a number of things are provided to make it easier for customers to carry out savings and loan activities or savings as well as credit. In the sector of access to financial institutions, facilities are provided in terms of saving and credit.

According to the interviews, it was stated that in the past few years there have been no financial institutions that have continuously carried out socialization regarding special financing for people's business credit with low interest, preferably for people who own businesses. It is hoped that financial institutions will carry out several approaches to cracker business actors, so that it is easier to provide. For the requirements as a novice customer it is simplified and the credit conditions are easier.

And also informants gave statements to banks when disseminating products regarding financing or credit, priority was given to businesses that had been running for at least 1 year. For businesses that are classified as beginners or have not been able to get financing for 1 year, even though later when the business has been running for more than 1 year, you can apply for financing. The main objective of the financial inclusion program should be that it can further accelerate economic development, the banking sector should be able to be fair in disbursing financing for all business actors, both old business actors

and relatively new business actors. The way to apply for credit does not complicate the disbursement process, more or less 1 week can be disbursed.

However, several informants admitted that access to applying for loans at banks was easy. However, if loans from banks were not used to advance their business, they were instead used for consumptive purposes. Applying for financing is not difficult so that business owners, if the conditions are complete, can make a loan.

Interviews were conducted from banking employees in financial inclusion, in fact what had been done was in accordance with the Standard Operating Procedures (SOP), what was done was to follow up customers and prospective customers to provide explanations on banking products including: working capital, business development, training and provide assistance, how to make transfers, clearing (transactions between bank customers through BI). In this case banking employees do not complicate the requirements to become customers or new members. Financing terms are not difficult. To make access easier, m-banking is now used.

2. Service Use

Is how ability can be measured using facts about financial products and services including more regularity, more efficient time and duration of use. Banks already have teller service facilities and pick up (pick-up service). services used by tellers, teller employees implement smiles, greetings, and greetings. Meanwhile, the teller's duties include being able to provide handling, provide mutual assistance, and provide the best action on the problem faced by the customer so that he can do the transaction. Part customer service used as a back office, when there are customers who complain about the services provided and also provide solutions when there are complaints from customers about some problems faced. Customer service own product knowledge to be conveyed to members, receive complaints, and help deal with problems from customers.

Several interviews have been conducted explaining that the funds used were obtained from loans at the bank used to increase capital, not all of which were used to increase business capital but were used for things that were more consumptive in nature for the family. There is a loan grace period between 3 and 5 years. Service is highly prioritized, banking employees are polite, courteous, sociable, professional and transparent. And the program that is being carried out to pick up the ball, this program can support, especially for customers who do not have time to go to the banking office.

From the presentation of the informant, the bank stated that the funds used and received by the customer were already the right of the borrower (creditor), although not all of them were used to advance their business capital, they could be used for needs that were more in the interests of the individual. The length of the financing period depends on how much capital is lent, it also depends on the initial agreement when the financing contract is made. The payback period is between one year and five years. Services must be carried out optimally so that customers are more satisfied with the work being done and transparent.

3. Quality

The parameters for the layout of banking products are in accordance with customer needs. Several products are also promoted in various banks to facilitate and assist in making transactions and to facilitate financial management and to make it easier to predict for the future.

From the several interviews that have been conducted, the results show that the quality of the product being sold is the cracker product that they know as the THR cracker and the Abal-Abil cracker, really prioritizing product quality, without reducing the composition of the ingredients. Even though the price of raw materials is rising, for example flour, garlic, salt and other ingredients.

With regard to financial institutions, several informants said that they did not understand the products available at financial institutions. Because from the side of the financial institution there is also no socialization about the products in banking.

4. Prosperity level

In the parameters of financial services, the correlation is the level of life of service users. The impact of financial services on customers, such as changes in consumption patterns, business and investment activities, and welfare. In order to improve the welfare of small businesses, work programs carried out by the banking sector include training in business forums, distribution of groceries to customers. The material presented relates to how to market products, introduce fellow members, collaboration is expected, and work training.

According to the informant, it was also stated that there had been an increase in financial services, but it needed to be improved, so that customers would not be awkward with bank employees and also to establish good cooperation between customers and bank

employees. In doing financing in banking, they have never been invited to take part in training. Customers actually need training, socialization so that the quality of the product increases, the cracker industry can become well-known in various regions.

Another statement states that the service is also improved and optimized. In helping solve problems experienced by customers, they must have a friendly attitude, smile, greet, greet, and also always respect the customer's decision even though the installment payment is not on time. The training program is implemented continuously for business actors in order to increase the sales of business actors.

Argumentation of the Karangmluwo Cracker Industry Community which is Reluctant to Collaborate with Financial Institutions in Capital

The cracker industry business owners in Karangmluwo differ in managing this business. Some of these business actors have been running this business for more than 20 years. They have experienced the ups and downs of their business, but they are still consistently running it. In terms of capital, the cracker industry business actors do not only rely on financing loans from banks, but also use their own existing capital, or even sell jewelry when needed.

From the results of several interviews that have been conducted, it is stated that in order to increase the capital used to advance their business, some actors are not low-key, and based on their religion they do not allow loans because they contain elements of usury.

And when they were given a choice if a loan from a bank was used to develop capital, there were several cracker industry business actors who said it was better to use their own capital if they still had it, and there were also several cracker industry business actors who said they preferred to borrow from banks.

Efforts were made by Financial Institutions to Increase Awareness about Financial Inclusion in the UKM Karangmluwo Cracker Industry

Awareness about financial inclusion needs to be increased, in research conducted in collecting data on obstacles experienced by business actors in the cracker industry in order to increase sales, and efforts that must be made to deal with these obstacles.

Interviews were conducted regarding the obstacles that had been experienced by the cracker industry business actors and the efforts made to deal with these obstacles. Some of the cracker industry business actors mentioned the obstacles they had

experienced, namely the increase in the price of flour raw materials, unpredictable weather, for example rain. The solution they make is if the weather is rainy all the time, the business is temporarily dismissed, rather than the result, the crackers are not good, but there are also those who still make them with the help of a dryer, even though the costs used are more expensive. The raw material used, namely the price of flour, is increasing over time but the business is still running, but later the selling price will also be increased. The portion size is fixed even though the raw material has increased because what is prioritized is the quality of crackers in Karangmluwo.

Barriers experienced by cracker industry owners regarding banking services include: 1) Do not yet have a Trade Business Permit Document (SIUP). 2) Do not have detailed financial reports, 3) Have not maximized the use of technology, namely mobile phones as a safe and easy transaction tool, 4) Difficulties using banking technology.

Efforts made by financial institutions (banks) to increase awareness of financial inclusion, especially for MSME owners in the cracker industry. among others :

1. In the field of savings: intensifying the marketing of savings products and their features, especially through an incubation (online) system so that customers can easily access them and do not have to come to the office.

2. In the field of credit: trimming the flow of credit applications to be shorter and easier, for example: existencefintech

It can be concluded that in order for customers to easily get credit, easy to save/save, easy to access so that financial inclusion can increase.

CONCLUSION

There are several medium-scale cracker industry MSMEs that easily get capital solutions by applying for loans to banks, and there are several micro-scale cracker industry MSMEs who feel complicated by applying for loans for capital at banks, so they are reluctant. So from here it can be concluded that the role of financial institutions in financial inclusion in several SMEs in the cracker industry in the Karangmluwo Kaliwates Jember community has not been evenly distributed. this should be a concern of the government so that MSMEs really become a force in empowering the community's economy.

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