Analysis of Factors Affecting the Real Sector Growth of Small and Medium - Post Bank Indonesia Level Rate Reduction

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Abstract: This study attempts to analyze the factors that affect the growth of the real sector of small and medium-sized enterprises post Bank Indonesia (BI) Rate decline. Respondents in this study consisted of 30 entrepreneurs whose businesses include the category of small and medium enterprises, in accordance with the scale grouping inclusion criteria issued by the Department of Cooperatives and SMEs. Data to be collected is primary data and secondary data relating to the growth of SMEs after the decline in BI Rate. Primary data in the form of the factors that affect the growth of the real sector of small and medium enterprises, which are obtained directly from the small and medium-sized businesses. To collect primary data, conducted by distributing questionnaires to SMEs. The questionnaire consisted of open-ended questions and closed questions were measured using a Likert Scale item analysis in the form of a scale with five choices.

From the results of data processing can be concluded that most of the respondents consider that the bank is an institution that is very helpful and the business activity is expected to help small and medium enterprises to improve their productivity. This is evidenced by data that showed the majority of respondents had applied for a loan (debt) to increase their working capital. Some respondents thought that the procedure for the submission of the loan and the interest rate is difficult at this time not yet at a level appropriate to the business world. However, only some of the respondents who consider that the cash obtained from the banks is a major factor driving the success of the business. Furthermore, all respondents also stated that they had difficulty in terms of bureaucracy, whether related to banking and related bureaucratic procedures such as general taxation and licensing. It can be concluded that the decline in BI Rate has not been fully followed with the ease of the loan application procedure (debt) for productive purposes. It is the result of the real sector of small and medium enterprises have yet to experience significant growth.

In addition to the interest rates and bank bureaucracy, the growth of small and medium enterprises are also influenced by several other factors. These factors are the availability of raw materials, use of technology, human resources, and market information. These four factors which, according to the respondent became a major factor in increasing the growth of the business.

Keywords: SMEs in Indonesia, BI Rate, real sector growth

Introduction

Indonesia's economic situation has improved in the past two years and this has sparked Bank Indonesia (BI) to continue to align policies with respect to the determination of the interest rate, known as BI Rate. BI Rate adjustments are based on the rate of inflation in the macro sector. The more controlled rate of growth of money supply and stronger rupiah resulted in a more controlled inflation and make room for lower interest rates. Board of Governors (RDG) Bank Indonesia (BI) on 2006 until 2012, decided to lower back BI Rate by 900 basis points (bps) from 12.5% to 5.75% (www.bi.go.id).

The decision was made after an evaluation of the macroeconomic conditions in Indonesia, economic prospects and monetary outlook facing various risks, the inflation target, as well as in-depth assessment of the current economic and financial developments. Decision-making is based on the precautionary principle and the consistency of monetary policy adopted by Bank Indonesia.

BI Rate Decision is a decision of the Bank Indonesia during the period of 2006 until 2012. In addition, the future of some risk factors were considered in the RDG indicates that the expance for BI Rate is still possible to do, although the narrower and more limited. RDG assess that up to June 2012, the national economy is still consistent with expectations set at the beginning of the year, which is a growth of 6.3%, and is still likely to grow taller. In general, macroeconomic stability through June
2012 is still under control. Some economic indicators suggest that the economy is continuing acceleration. BI Rate expectations followed by an increase in economic activity, among others, measured in terms of the real sector, in the form of initial expectations of rising interest in investments, exports and improving domestic demand, the growth of the banking industry, an increasing number of productive lending, as well as increased consumer confidence and optimism producers through increased consumption and production. BI Rate is expected to bring optimism, especially among businessmen, in order to take advantage of the moment to obtain additional financial liquidity to improve their operations through bank credit scheme. But in reality, the banks do not use this moment as a means of lending, but instead hold their funds in the form of Bank Indonesia Certificates (SBI) lower risk and provide a definite return. It certainly will hamper economic growth in terms of the micro-economy, as measured by the growth of the real sector, and ultimately affect the macro-economic conditions. Therefore, Bank Indonesia in this regard not only as a policy maker, but actually taking responsibility as a stabilizing economic conditions in Indonesia. Stagnant scenario BI Rate which should be followed by the growth of the real sector, especially small and medium enterprises, is indicated because there are several factors that influence it. These factors not only are internal or from the company, but also external factors such as bureaucratic problems that hinder the development of businesses, especially small and medium enterprises. Therefore, it is necessary to research on what factors affect the growth of the real sector of small and medium-post decrease BI Rate. The study focused on small-scale entrepreneurs and medium enterprises in Banyumas regency, because firms in the region with small and medium scale is quite dominant, about 87% of the total existing company. In addition, small and medium enterprises also have a particular characteristic, such as a capital structure that is not too strong, and the limitations of the technology and resources (Kiryanto and Sutapa, 2001) so that the banks play an important role in help drive business growth on the scale. This research is important to do because the results of the study are expected to be a reference for companies and policy makers, especially those in direct contact with small and medium enterprises, to develop strategies for the development of small and medium better, so that the moment the development of Indonesia's macro economy time to time, the better it can be felt immediately by all parties.

Based on the description above, the central issue in this study are the factors that affect the growth of the real sector of small and medium-sized post BI Rate decline. The aim of this study is to determine the factors that affect the growth of the real sector of small and medium-post decrease BI Rate. The benefits of this research is as a basis for policy-making by local governments and business actors to develop a policy framework, especially in the real sector of comprehensive and favors the development of the business community, especially small and medium enterprises. This research is beneficial for the regulator in assessing the effectiveness of monetary policy has been conducted, including the BI policy rate fluctuations are included in the policy framework Inflation targeting framework and its relation to the discourse that will implement the Bank Indonesia Liquidity Credit.

1. Literature Review

1.1 Small and Medium Enterprises

The definition of small-scale manufacturing enterprises and medium enterprises (SMEs) refers to the grouping scale manufacturing effort expended by grouping the scale issued by the Ministry of Cooperatives and SMEs (2000) which makes grouping with an emphasis on the number of employees. Manufacturing businesses that have employees classified as a 1-4 person household industries. Manufacturing businesses that have 5-19 people, including employees of small companies. This study combines the industry classification of households with small business, a classification of small companies has a workforce of between 1 and 19. If the number of employees 20-99 people, these companies, including medium-sized enterprises. Sealing, the company also categorized as SMEs if the activity is aimed at producing a good or service, with a maximum net worth of IDR 200 million and has a sales value of IDR 1 billion or less per year. SMEs often be one of the indicators used to measure the movement of the real sector, in addition to other real sector indicators measuring the macro economy can be measured by the percentage of the Gross Domestic Product (GDP), the unemployment rate, the percentage of production of goods and services, investment growth rate, the growth rate household consumption, exports and imports growth rate, the growth rate of the agricultural sector, as well as the rate of growth of the oil and gas industry (Budiono, 1998; Santoso and Anglingkusumo, 1998; Court et al., 2003).
1.2 Inflation Targeting Framework BI Application as Base Rate

In recent years, there is a tendency of a number of central banks in the world use the Inflation targeting monetary policy framework as a sense of dissatisfaction with the use of the magnitudes of monetary or exchange rate targeting. Inflation targeting is a monetary policy strategy that is forward looking, focusing directly to price stability or low inflation as a single end goal (Santoso and Iskandar, 1999). Generally, the strategy is achieving through transmission magnitudes price (price targeting), such as interest rates and exchange rates. One reason for the consideration of the use of monetary policy strategy is due to the weakening of the relationship between monetary quantities (monetary aggregates), complicating the achievement of the final goal. Globalization of the world economy, the innovation of financial products, asset securitization and decoupling between the financial sector and the real sector are factors behind the weakening of monetary relations.

Another consideration is that the presence of difficulties in achieving the ultimate goal of double (multiple targets) at the same time because there were trade-offs between each of these dual goals. The experience of Indonesia and some countries use multiple targets suggests that many obstacles are found to achieve all of the final sasran optimally at the same time, due to the nature of the contradiction between the final goal. For example, if the central bank monetary expansion to stimulate economic growth, then indakan will give unfavorable impact on the rate of inflation and balance of payments. Conversely, if the monetary authorities to tighten monetary policy in order to control the inflation rate then it will have a negative impact on economic growth and rising unemployment. The trade off is a common phenomenon as expressed in the Phillips Curve theory.

Another consideration is the implementation of the Inflation targeting single targeting inflation, it can encourage focused the monetary policy, so as to enhance the effectiveness of monetary policy to fight inflation. High inflation not only reduces the purchasing power but also can interfere with other macroeconomic stability, such as disturbing the balance of payments and exchange rate weakens against other currencies. Therefore, many countries have used a single ultimate objective of monetary policy, such as New Zealand, Canada, Australia, Sweden, Spain, and the UK (Debelle, 1997).

Warjiyo and Zulverdy (1998) suggested some motivation from some of the many countries in recent years using inflation as a single target:

1. Determination of inflation as a single target may be used as a nominal anchor to monetary policy to convince the public that the central bank will conduct monetary policy in a disciplined and consistent.
2. The existence of a preposition in macroeconomic theory suggests that low inflation can spur economic growth and efficiency in the long run.
3. Money is neutral in the medium and long term so peningkatn jumlah money supply affect only the price level, not output and employment.
4. The high cost of high inflation, particularly in relation to the allocation of resources or economic growth in the long term or both.
5. The effect of monetary policy on inflation requires lag unpredictable and varied effects.

Based on the experience shows that once inflation is defined as a single target, many countries can control inflation at a low enough level. But in the short term there is a trade off between inflation decrease with a decrease in economic growth. Meanwhile, the long-term economic growth is at a sustainable level.

1.3 Application through Standard Inflation Targeting BI Rate in Indonesia

Implicit inflation targeting was implemented in Indonesia since Bank Indonesia announced inflation targets are transparent to the public in early 2000. Implementation in Indonesia Inflation targeting is based on several considerations (Alam et al., 2001). First, the system has been left with a nominal exchange rate anchor, it is necessary to anchor a credible alternative. Second, the implementation of the Inflation targeting is a consequence of the independence of Bank Indonesia in conducting monetary policy focused on inflation control.
Inflation targeting framework is forward looking and requires the central bank's ability to predict future inflation developments. Operationally, the countries that have implemented fully Inflation targeting as UK, Canada, Sweden and Brazil, using a "rule" in responding to future inflationary pressures. Specifically, the interest rate be adjusted monetary policy stance in case of deviations between expected inflation to come (forecast inflation) with the inflation target has been set, and if the projections of aggregate demand has exceeded the capacity of the economy. Set the indicator variables used to predict inflation will come in the form of information variables. A variable can act as an information variable as well as the intermediate target, depending on the monetary policy framework that is used.

Broadly speaking, the characteristics of the monetary policy framework that applies melaiputi Inflation targeting three main activities, namely inflation targeting, when projecting inflation and establish operating policies in achieving the inflation target. In inflation targeting, Inflation targeting a monetary policy strategy that is forward looking inflation targeting need to look after the inflation factor used, the amount of inflation, duration and flexibility of the achievement of the inflation target in the event of a shock in the economy (Debelle, 1997). To be able to apply Inflation targeting, there are two main prerequisites that must be met, namely the independence of the central bank in conducting monetary policy and avoiding the use of other nominal anchors Inflation targeting in conjunction with the application.

Inflation targeting with the main objective of inflation further manifested in the form of central bank interest rate policy which fluctuated following the economic conditions of a country. In Indonesia, Inflation targeting policy indicated by the BI Rate is effective from May 2006. It is based on the consideration already unstable economic conditions and the state of the macro, so that interest rates can also be started to be revealed as more stable and low levels of inflation in Indonesia.

The development of SMEs is inseparable from various problems. Level of intensity and the nature of these problems may differ not only according to the type of products or markets served, but also the different regions, between centers, inter-sector, sub-sector or type of activity, and between business units in the same activities or sectors. However, there are some common problems faced by small and medium enterprises according to Tambunan (2002), such as limited working capital or capital investment, difficulty in obtaining raw materials with good quality and reasonable price, the limitations of technology, human resources with good quality (especially the management technicians and production), market information, and difficulty in marketing (including distribution).

1.4 Factors Affecting Growth of SMEs In Indonesia

Limitations of working capital or investment capital is one of the main problems faced by SMEs. This problem can be solved either with the submission of a credit scheme to the banks. BI Rate decline since May 2006 which is still expected to bring continued optimism, especially among businessmen, in order to take advantage of the moment to obtain additional financial liquidity to improve their operations through bank credit scheme. But in reality, the banks do not use this moment as a means of lending, but instead hold their funds in the form of Bank Indonesia Certificates (SBI) lower risk and provide a definite return. Inhibition of BI Rate scenario that should be followed by the growth of the real sector, especially small and medium enterprises, is indicated because there are several factors that influence it. These factors not only are internal or from the company, but also external factors such as bureaucratic problems that hinder the development of businesses, especially small and medium enterprises.

SMEs has a particularly important role as one of the driving force of economic growth and exports. At first, the SMEs is seen as an important source of employment and economic motor of the countryside outside the agricultural sector. However, in line with the incessant free competition, the attention to the importance of SMEs also experienced peningkat the be able to become an important source of non-oil export growth.

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![Research Framework](image)

**Figure no. 1 Research Framework**

The text included in the section or subsection must begin one line after the section or subsection title. Leave two blank lines (11 point) before the section title and one line before the subsection title.

### 2. Research Methodology

#### 2.1 Research Design

This study was an observational analytic survey methods (survey research). This survey research using primary data, where data taken from study subjects using research instruments such as questionnaires. Target population of the study is the entire company or a SME registered in the Department of Cooperatives and SMEs in the area of Banyumas, Indonesia. The sample was part of a reasonable population with respect to the following inclusion criteria:

1. Corporate SME sample included as a category in accordance with the scale grouping issued by the Department of Cooperatives and SMEs Banyumas, Indonesia (less than 20 employees, a maximum net worth of IDR 200 million, and the annual turnover of less than IDR 1 billion).
2. The company is located in the district of Banyumas, Indonesia.
3. Willing to participate in a research subject.

The unit of analysis in this study is at an individual level, which will be drawn at random from the population affordable, some 30 pieces of SMEs to meet the Central Limit Theorem (Mc Clave and Sincich, 2000).

Data to be collected is primary data and secondary data relating to the growth of SMEs after the decline in BI Rate. Primary data in the form of the factors that affect the growth of the real sector of small and medium enterprises. The primary data obtained directly from the small and medium-sized businesses. To collect primary data, conducted by distributing questionnaires to SMEs. The
questionnaire consisted of open-ended questions and closed questions were measured using a Likert Scale item analysis in the form of a scale with five choices.

Validity and reliability testing performed on each of the instruments used. The data has a very important role in the study, because the data describing the variables studied. The research data will not be useful if the instrument used to collect the data does not have high validity and reliability. Test the validity of the data used to measure whether a legal or valid questionnaires. A questionnaire as valid if the questions in the questionnaire were able to reveal something that will be measured by the questionnaire. Statistical tool used to test the validity is Pearson Correlation.

Reliability of a measure indicates how much a measure without bias (error free) and hence offer a consistent measurement across time and various items in the instrument, while the validity ensures the ability of a scale to measure the intended concept (Sekaran, 2000). An instrument otherwise meet the standards of reliability test if the value of its Cronbach alpha ≥ 0.6 (Nunally, 1967).

2.2 Data Processing and Analysis
In the early stages, the editing process will be conducted on the study of the data that were collected. This process includes the completion of the missing data (missing value), coding (coding), tabulation, and data entry (data entry).

Data analysis was conducted in this study in the form of a descriptive analysis / univariate analysis. In the analysis phase is done description of the data for each variable is both free and bound variables. Data on nominal and ordinal scales will be presented in the form of frequency distribution table and percentages. For interval scale data will be presented in the form of measures of central tendency such as mean, standard deviations, maximum and minimum values.

3. Result and Discussion
3.1 Samples Characteristics
The analysis in this study begins with the selection of samples, such as uasaha the category of small and medium scale enterprises in accordance with the classification issued by the Department of Cooperatives and SMEs in the area of Banyumas. As of December 2012, there were 3874 small and medium enterprises as a target population that is divided into 18 categories of business (source: Department of Cooperatives and SMEs Banyumas).

Samples taken from the target population of some 30 pieces at random with respect to predefined inclusion criteria, to meet the Central Limit Theorem eligibility criteria (Mc Clave and Sincich, 2000). Characteristics of the 30 samples in this study can be seen in Table 4.1

<table>
<thead>
<tr>
<th>Table no. 1 Characteristics of Sample Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business category</td>
</tr>
<tr>
<td>Food processing industry</td>
</tr>
<tr>
<td>Trading industry</td>
</tr>
<tr>
<td>Iron processing industry</td>
</tr>
<tr>
<td>Service industry</td>
</tr>
<tr>
<td>Others</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Profile of the respondents in this study according to the last formal education can be seen in Table 2. All respondents had never followed informal education related to the field of business carried on. All respondents also familiar with the bank, but only 28 respondents who use bank services. Two respondents did not use the services of the bank in any way to conduct business. Of the 30 respondents, the average age of the company between 3 to 32 years.
Table no. 2 Educational Characteristics of Respondents

<table>
<thead>
<tr>
<th>Educational characteristics</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>1</td>
<td>3.33</td>
</tr>
<tr>
<td>Junior high school</td>
<td>1</td>
<td>3.33</td>
</tr>
<tr>
<td>Senior high school</td>
<td>24</td>
<td>80</td>
</tr>
<tr>
<td>Diploma</td>
<td>1</td>
<td>3.33</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3.2 Instruments Test of Validity

Test the validity of the data used to measure whether a legal or valid questionnaires. A questionnaire as valid if the questions in the questionnaire were able to reveal something that will be measured by the questionnaire. Statistical tool used to test the validity is Pearson Correlation.

This study used an instrument in the form of a questionnaire consisting of 11 questions with 5 Likert scale. By using the Pearson correlation test of validity obtained the results as in Table 3.

Table no. 3 Pearson Correlation Validity Test Result

<table>
<thead>
<tr>
<th>Question items</th>
<th>Total correlation item</th>
<th>Significance level</th>
<th>Annotation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.886</td>
<td>0.000</td>
<td>valid</td>
</tr>
<tr>
<td>2</td>
<td>0.458</td>
<td>0.000</td>
<td>valid</td>
</tr>
<tr>
<td>3</td>
<td>0.556</td>
<td>0.000</td>
<td>valid</td>
</tr>
<tr>
<td>4</td>
<td>0.542</td>
<td>0.000</td>
<td>valid</td>
</tr>
<tr>
<td>5</td>
<td>0.654</td>
<td>0.000</td>
<td>valid</td>
</tr>
<tr>
<td>6</td>
<td>0.453</td>
<td>0.000</td>
<td>valid</td>
</tr>
<tr>
<td>7</td>
<td>0.561</td>
<td>0.000</td>
<td>valid</td>
</tr>
<tr>
<td>8</td>
<td>0.579</td>
<td>0.000</td>
<td>valid</td>
</tr>
<tr>
<td>9</td>
<td>0.479</td>
<td>0.000</td>
<td>valid</td>
</tr>
<tr>
<td>10</td>
<td>0.573</td>
<td>0.000</td>
<td>valid</td>
</tr>
<tr>
<td>11</td>
<td>0.648</td>
<td>0.000</td>
<td>valid</td>
</tr>
</tbody>
</table>

3.3 Instrument Test of Reliability

Reliability of a measure indicates how much a measure without bias (error free) and hence offer a consistent measurement across time and various items in the instrument, while the validity ensures the ability of a scale to measure the intended concept (Sekaran, 2000). An instrument otherwise meet the standards of reliability test if the value of its Cronbach alpha ≥ 0.6 (Nunally, 1967). The resulting reliability test of the instrument in this study showed koeefisien Cronbach's Alpha of 0.6788. This shows that the data collected can be categorized reliably or reliable.

3.4 Result

This study aims to analyze the factors that affect the growth of the real sector of small and medium-post decrease BI Rate in Banyumas. Therefore, the item questionnaire consisted of two parts. The first section (questions 1 to 6) relating to the use of banking services and interest rate refers to the BI Rate. The second part (questions 7 to 11) deals with the factors that affect the growth of the real sector of small and medium enterprises.

**Descriptive analysis**

1. Factors banking services and interest rate refers to the BI Rate
Factors banking services and interest rate refers to the BI Rate translated into a 6 item questionnaire on the questionnaire. The results showed that 76.7% of respondents agreed and 13.3% strongly agreed stated that the services of the bank to help the business. The rest 10% of respondents said they did not approve of it (Figure 2.)
Meanwhile, 90% said that they use the services of a loan (debt) from a bank for doing business, and only 10% of respondents said that had never borrowed money from the banks (Figure 3).

From these results, only 53.3% of respondents stated that the procedure for borrowing (debt) to the bank easily, the remaining 36.7% stated that the procedure is quite difficult debt and 10% did not know (Figure 4).

Relation to the interest rate in accordance with the BI Rate, 80% of respondents said interest rates on loans/debts in the banking system has not been exactly (still too high), and only 10% disagree or feel interest rates on loans/debts in banking right now. The rest (10%) said they did not know (Figure 5). Furthermore, 73.4% of respondents agreed and strongly agreed that the borrowing (debt) will increase business productivity. Only 23.3% of respondents who said they did not agree on that, and the remainder (3.3%) said they did not know (Figure 6).
Of the 30 respondents to the sample in this study, 53.3% agreed that the loan (debt) in the form of cash from the bank is a major factor that can increase the productivity of the business, while 46.7% did not agree to it (Figure 7).

![Figure 7 Loan is Key Factors to Improve Productivity](image)

2. Raw Material Availability Factor/Merchandise
Some 70% of respondents in this study stated that the availability of raw materials/merchandise with good quality and reasonable price are considered important in running a business, while another 30% said they did not agree to it (Figure 8).

![Figure 8 Raw Material Availability Factor](image)

3. Factors Use of Technology to Improve Productivity
Some 70% of respondents in this study agreed and strongly agreed that technological factors can improve business productivity, while 26.7% stated they did not agree on the matter and 3.3% did not know (Figure 9).

![Figure 9 Technology Factor](image)

4. Factors Human Resources to Increase Productivity
All respondents in this study agreed and strongly agreed that the human factor and factor market information and marketing is essential in improving the productivity of effort (Figure 10, and Figure 11).
5. Bureaucracy for Business Activity Factor Respondents
All respondents in this study agreed and strongly agreed that during the running of the business, they often find it difficult / convoluted to deal with bureaucracy or regulations (Figure 12).

3.5 Discussion
From the results of data processing, it can be concluded that most of the respondents consider that the bank is an institution that is very helpful and the business activity is expected to help small and medium enterprises improve their productivity. This is evidenced by data that shows 90% of respondents had applied for a loan (debt) to increase their working capital. Some respondents thought that the procedure for the submission of the loan and the interest rate is difficult at this time (BI Rate 8%) was also not at the right level for the corporate world. However, only some of the respondents who consider that the cash obtained from the banks is a major factor driving the success of the business.

Furthermore, all respondents also stated that they had difficulty in terms of bureaucracy, whether related to banking and related bureaucratic procedures such as general taxation and licensing. It can be concluded that the decline in BI Rate has not been fully followed with the ease of the loan application procedure (debt) for productive purposes. It is the result of the real sector of small and medium enterprises having yet to experience significant growth.

In addition to the interest rates and bank bureaucracy, the growth of small and medium enterprises are also influenced by several other factors. These factors are the availability of raw materials, use of technology, human resources, and market information. These four factors which, according to the respondent, became a major factor in increasing the growth of the business. Although the majority of respondents in the operations still use traditional equipment or technology, but they are very dependent on the continuity of the availability of raw materials in sufficient quantities and at low prices.

For the human factor, small and medium-sized businesses do not emphasize academic skills of workers in support of business activities, but rather the elements of skill and expertise. Thus, the human resources needed to enhance business growth instead of educated labor, but skilled personnel. Business growth as indicated by the increase in turnover was also greatly influenced by information about the market demand for the product or service being offered. Most respondents in this study stated that the goods or services produced by the effort they made to order market. Variations in the shape and model and services made in accordance with market demand. No innovative business entrepreneurs to produce goods or services from those initiatives.
4. Conclusion, Limitations and Future Research Suggestions

Small and Medium Enterprises have a particularly important role: the one of the driving force of economic growth and exports. However, SMEs development is inseparable from the problems. A common problem faced by small and medium-sized businesses is the lack of working capital or capital investment, difficulty in obtaining raw materials with good quality and reasonable price, the limitations of technology, human resources with good quality (especially the technicians and production management), market information, and difficulty in marketing (including distribution).

With limited working capital or investment capital can be solved either with a submission to the bank loan scheme. BI Rate decline since 2006 which is still expected to bring continued optimism, especially among businessmen, in order to take advantage of the moment to obtain additional financial liquidity to improve their operations through bank credit scheme.

This study attempts to analyze the factors that affect the growth of the real sector of small and medium-sized post BI Rate decline in Banyumas, Indonesia. Respondents in this study consisted of 30 entrepreneurs whose businesses include the category of small and medium enterprises, in accordance with the scale grouping inclusion criteria issued by the Department of Cooperatives and SMEs. Data to be collected is primary data and secondary data relating to the growth of SMEs after the decline in BI Rate. Primary data in the form of the factors that affect the growth of the real sector of small and medium enterprises, which are obtained directly from the small and medium-sized businesses. To collect primary data, conducted by distributing questionnaires to SMEs. The questionnaire consisted of open-ended questions and closed questions were measured using a Likert Scale item analysis in the form of a scale with five choices.

From the results of data processing it can be concluded that most of the respondents consider that the bank is an institution that is very helpful and the business activity is expected to help small and medium enterprises to improve their productivity. This is evidenced by data that showed the majority of respondents had applied for a loan (debt) to increase their working capital. Some respondents thought that the procedure for the submission of the loan and the interest rate is difficult at this time (BI Rate 5.75%) was also not at the right level for the corporate world. However, only some of the respondents who consider that the cash obtained from the banks is a major factor driving the success of the business. Furthermore, all respondents also stated that they had difficulty in terms of bureaucracy, whether related to banking and related bureaucratic procedures such as general taxation and licensing. It can be concluded that the decline in BI Rate has not been fully followed with the ease of the loan application procedure (debt) for productive purposes. It is the result of the real sector of small and medium enterprises have yet to experience significant growth.

In addition to the interest rates and bank bureaucracy, the growth of small and medium enterprises are also influenced by several other factors. These factors are the availability of raw materials, use of technology, human resources, and market information. These four factors which, according to the respondent became a major factor in increasing the growth of the business.

This study can not be separated from some limitations. These limitations are: first, the research sample amounted to only 30 companies, so that research results can not be generalized. Second, the research sample was not representative of all business categories established by the Department of Cooperatives and SMEs Banyumas, but only represent five categories of existing businesses.

Suggestions can be given to the development of research in this field in the future are: first, future studies should be able to take a sample that represents the entire category of business established by the Department of Cooperatives and SMEs Banyumas, Indonesia, so that the results can be generalized. Second, future studies can analyze the form most appropriate credit schemes that can be applied to small and medium enterprises, with due regard to the factors of conservatism in lending productive.

References


[13] BI Rate Berdasarkan hasil dari Rapat Dewan Gubernur

http://www.bi.go.id/web/id/Moneter/BI+Rate/Data+BI+Rate, downloaded 14 February 2013.