

# Financial Constraints of Micro, Small, and Medium-sized Enterprises (MSMEs) in the Indonesia Creative Industries

Ninditya Nareswari<sup>1\*</sup>, Nuraini Desty Nurmasari<sup>2</sup>, Latifah Putranti<sup>3</sup>

<sup>1</sup>Uniwersytet Szczeciński, Szczecin, Zachodniopomorskie, Poland / Institut Teknologi Sepuluh Nopember, Surabaya, Jawa Timur, Indonesia

<sup>2</sup>Universitas Brawijaya, Malang, Jawa Timur, Indonesia

<sup>3</sup>Universitas PGRI Yogyakarta, Yogyakarta, Daerah Istimewa Yogyakarta, Indonesia

## ARTICLE INFO

### Article history:

Received : 22 November 2022

Revised : 21 March 2023

Accepted : 29 March 2023

### JEL Classification:

G28, L25, L26, L53

### Key words:

Creative industries, Financial constraints, Financial difficulties, Micro, Small, Medium enterprises

### DOI:

10.14414/jebav.v25i3.3433

## ABSTRACT

The creative industry has a significant role in the economy. The existence of a creative industry causes advanced innovations, increases job availability, and improves the value and quality of a product. However, MSMEs in the creative industry still face constraints related to finance because they have different types of business patterns. The business pattern is unpredictable and will have an impact on strategy. This study aims to identify and explore the financial constraints of MSMEs in the creative industry in Surabaya. A semi-structured interview was conducted with the owner of 8 MSMEs. Using an explanatory pilot study, the result found five themes of the financial constraints of MSMEs in the creative industry: working capital management, access to credit, financial support from the government, cost efficiency, and the financial literacy of the owners. This study has several implications for the creative economy to develop the financial aspect for MSMEs in the creative industry.

## ABSTRAK

Industri kreatif memiliki peran yang signifikan dalam ekonomi. Keberadaan industri kreatif memberikan inovasi baru, meningkatkan ketersediaan lapangan kerja, dan meningkatkan nilai serta kualitas dari produk. Namun, UMKM pada industri kreatif masih memiliki beberapa kendala terkait dengan keuangan karena pola bisnis yang berbeda. Pola bisnis tidak dapat diprediksi dan berdampak pada strategi. Penelitian ini bertujuan untuk mengidentifikasi serta menyoediki kendala keuangan UMKM pada industri kreatif di Surabaya. Wawancara semi terstruktur dilakukan pada 8 pemilik UMKM berbeda pada industri kreatif. Metode yang digunakan dalam penelitian ini adalah penelitian explanatory pilot study. Hasil analisis menunjukkan lima topik utama dari kendala keuangan UMKM di industri kreatif: manajemen modal kerja, akses kredit, dukungan pendanaan dari pemerintah, efisiensi biaya, serta literasi keuangan pemilik UMKM. Penelitian ini memiliki beberapa implikasi untuk ekonomi kreatif dalam mengembangkan aspek keuangan UMKM pada industri kreatif.

## 1. INTRODUCTION

The creative industry is a business activity that focuses on creation and innovation (Kementerian Perindustrian Republik Indonesia, 2017). Currently, creative industry-based businesses in Indonesia are most developed in Surabaya, which is 6.4 percent of Indonesia's total creative industry players (Badan Ekonomi Kreatif, 2016). Also, the economic turnover of the creative industry in Surabaya reached 300 billion in 2020 (Yuana, 2022). In 2018, The Creative Economy Agency (BEKRAF) collaborated with the Institute of Technology Sepuluh Nopember to hold an event titled Suroboyo Creative Week 2018 and

designed the creation of a Center for Excellence in Innovation to help develop creative industry businesses. This program was intended to increase the potential for developing the creative industry in Surabaya, Indonesia. In addition, British Council and UNESCAP (2018) stated that most social businesses in Indonesia are based on creative industries. The various reasons above indicate that businesses engaged in the creative industry, especially MSMEs, have great potential for economic growth. However, developing MSMEs is also not easy.

\* Corresponding author, email address: ninditya.nareswari@phd.usz.edu.pl

MSMEs contribute to solving the unemployment problem in Indonesia because it is different from large enterprises. MSMEs tend not to have certain standards in their management. Some of the characteristics of MSMEs that distinguish large enterprises is that there is no clear separation between management and the operator in the local area (Krisityanti, 2012). These characteristics cause MSMEs to have the freedom to recruit employees who often come from the local area because the focus of MSMEs is generally to develop the surrounding potential that large commercial businesses have not touched. In line with their characteristics, MSMEs can recruit workers with low levels of education who cannot be highly skilled in their fields, such as in large enterprises. However, this recruitment must be based on the business knowledge of the MSME owner and be accompanied by training and coaching for their workers (Widjaja et al., 2018).

The development of MSMEs is closely related to the need for business capital. Several facts found that MSMEs encountered obstacles in terms of financing. Many MSMEs actors still have difficulty getting credit access from banks or other financial institutions due to technical problems. For instance, insufficient collateral and non-technical constraints limit access to information from banks. Tambunan (2019) stated that MSMEs in Indonesia face three main problem categories: getting funds either for working capital or purchasing new machines, marketing, and getting raw materials.

Regarding business development, MSME owners still have limited information on financing patterns for certain commodities. On the other hand, banks also need information about potential commodities to be financed. Enterprises classified as creative industries have different business patterns from other industries. Some jobs are seasonal. Unlike manufacturing businesses, demand patterns are unpredictable. It affects the pricing strategy, ultimately determining the income received.

Abe et al. (2015) showed that in East Asian countries, such as Cambodia, China, Indonesia, The Lao People's Democratic Republic, Malaysia, the Philippines, Thailand, and Vietnam; and South Asian nations like Bangladesh, India, Nepal, Pakistan, and Sri Lanka; most of SME owners do not manage working capital effectively. Besides, information asymmetry between banks and SMEs retards the loan application and approval process. Underdeveloped equity markets deny SMEs future growth opportunities. Indonesia is below average on the credit information scale and lags in

development and its ability to make credit available. Brown & Earle (2017) stated that external finance substantially constrains growth. If MSMEs get access to credit, MSMEs will grow faster (Bakhtiari et al., 2020).

There are two main obstacles to MSMEs' growth: a lack of access to formal financing and a lack of knowledge and innovativeness. Only 18 percent of SMEs have access to formal sector finance, and the remaining 82 percent still rely on internal savings, retained earnings, and borrowing from family, friends, and informal money lenders (Nugroho, 2016). This condition is similar to the creative industry in Indonesia. Badan Ekonomi Kreatif (2020) states that the majority of the sources of funds for the tourism industry and creative economy companies/businesses came from their capital, 95.49 percent. From family support of 19.88 percent, bank loans of 17.45 percent, and the lowest venture capital of 0.64 percent.

Naidu & Chand (2012) concluded that financial problems faced by the MSMEs could be divided into three broad categories: financing problems, operational and administrative problems, and sales and debtors' problems. Wibawa & Nareswari (2019) also explained the role of economic feasibility in MSMEs. In addition, Badan Ekonomi Kreatif (2020) noted that 98 percent of business actors in the creative industry sector were affected by the Covid-19 pandemic. Currently, the government is preparing several guidelines for the creative industry to be productive again. Tambunan (2019) explained that the development of MSMEs in Indonesia used descriptive analysis and the importance of MSMEs for creating business opportunities for women. Widodo & Mahi (2022) also showed empirical evidence that financial and non-financial support could increase the productivity of MSMEs. However, there is still limited study that only focuses on the financial constraints of MSMEs in a creative industry based on the owner's perspective. The creative industry has unique characteristics such as seasonal sales, high risk, margin, diversity, and competition.

This study analyzes a financial constraint faced by MSMEs' creative industry in Surabaya by conducting a semi-structured interview. This study captures a phenomenon based on the owner's financial difficulties. The results highlight five themes of the financial constraints of MSMEs in the creative industry: working capital management, access to credit, financial support from the government, cost efficiency, and the financial literacy of the owners. The implications of the results

are expected to provide advice and input for both practitioners and the government in supporting creative economy sustainability.

## 2. THEORETICAL FRAMEWORK AND HYPOTHESES

### Micro, Small, and Medium Enterprises

Indonesia uses the definition and criteria of MSMEs as regulated in Law Number 20 of 2008, which states that MSMEs are companies classified as small companies owned and managed by a person or owned by a small group of people with a certain amount of wealth and income. The criteria for each definition of micro, small, and medium enterprises can be seen in Table 1. Based on the law, each section of MSMEs is defined as follows: (1) a micro business

is a productive business owned by an individual and/or an individual business entity that meets the criteria; (2) a small business is a productive economic business that stands alone, carried out by individuals or business entities that are not a subsidiary or branch of a company that is owned, controlled, or is a part, either directly or indirectly, of a medium-sized or large-scale business; and (3) medium enterprises are productive economic enterprises that are independent, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part of, either directly or indirectly, with small or large businesses following the criteria.

**Table 1.** MSME Criteria Based on Law Number 20 of 2008

Type of Enterprises	Total Assets	Total Annual Sales
Micro	Maximum IDR 50 million	Max IDR 300 million
Small	> IDR 50 million – 500 million	> IDR 300 million – 2.5 billion
Medium	> IDR 500 million – 10 billion	> IDR 2.5 billion– 50 billion

### Creative Industry

The creative economy manifests efforts to seek sustainable development through creativity, where sustainable development is a competitive economic climate with renewable resources. In other words, the creative economy manifests the spirit of survival, which is very important for developed countries and offers the same opportunities for developing countries.

The creative economy is a new economic wave born at the beginning of the 21st century. This new economic wave prioritizes intellectual property as a wealth that can create money, job opportunities, income, and prosperity. The core of the creative economy lies in the creative industry driven by creators and innovators. The secret of the creative economy lies in creativity and innovation. According to Kementerian Perindustrian Republik Indonesia (2017), creative industries originate from the use of individual creativity, skills, and talents to create prosperity and employment through the creation and utilization of creative power and creativity emphasizes the use of creativity, innovation, and skills possessed by a person in producing an idea, service, or product.

### Financial Constraints and MSMEs

Financial constraint is an obstacle that limits businesses from investing in operational and long-term investments. Financial constraints also can be defined as difficulty in accessing external financing due to different costs of capital (Banos-Caballero et

al., 2013). Choudhury & Goswami (2019) stated that financial constraint is one of the reasons why MSMEs in emerging countries cannot grow. MSMEs face difficulty accessing credit from a financial institution because MSMEs are less competitive, have undeveloped legal aspects, and lack information about firm characteristics and size. Furthermore, Biswas (2014) explained that access to external finance for MSMEs has become more expensive and complicated. Access to finance is essential for MSMEs to maintain their daily business operation and achieve long-term investment opportunities and development targets (Maiti, 2018).

## 3. RESEARCH METHOD

A phenomenological approach was used to identify the problem. This approach seeks to understand the meaning of events and their relation to people in certain situations (Neubauer et al., 2019). This study used an explanatory pilot study to assess the appropriateness of progressing to effective research. In line with the aim of this study, this method was used to capture phenomena that cannot be explained empirically. Information was collected and then classified according to a particular theme. First, it started with semi-structured interviews to explore MSMEs' financial constraints. It was conducted with the owner of MSMEs to get deeper information about how businesses start and operational and financial aspects. Eight MSMEs were selected after screening and obtaining the

owner's consent (presented in Table 2). The semi-structured interviews are included in in-depth interviews (see Appendix) that aim to find problems and ask for their opinions more openly. This method enables the elaboration of the background reason under complexity finding (Mayan, 2016). The interview started by asking the owner's and MSMEs' biodata and general questions regarding

administration and finance. After that, specific finance questions are given, such as capital structure, financial report, financial management, and financial problem faced by MSMEs owners. In the end, MSMEs owner can deliver their hope and suggestion related to the financial condition of their business.

**Table 2.** Profile of MSMEs

Name of MSMEs	Classification of MSMEs	Subsector of SMEs	Year of Establishment	Type of Ownership	Majority Funding
Company A	Medium	Photography	8-10 years	Limited Liability Company	Private Funding
Company B	Micro	Fashion	< 3 years	Commanditaire Vennootschap	Private Funding
Company C	Micro	Fashion	< 3 years	Commanditaire Vennootschap	Private Funding
Company D	Micro	Fashion	< 3 years	Private Company	Private Funding
Company E	Micro	Performing Art	< 3 years	Private Company	Private Funding
Company F	Small	Culinary	3 - <5 years	Limited Liability Company	Private Funding
Company G	Small	Performing Art	> 10 years	Private Company	Private Funding
Company H	Small	Culinary	< 3 years	Private Company	Private Funding

After the interview, a transcript was checked, and a thematic analysis was taken. Thematic analysis was conducted by summarizing, identifying, examining, and building a template from the interview result (Wibawa et al., 2022). According to Ahmad et al. (2018), the coding processes are assigning word by word, finding keywords, grouping and highlighting quotes, and determining the final theme based on the codes and quotes.

#### 4. DATA ANALYSIS AND DISCUSSION

##### MSMEs Profile, Themes, and Categories of Financial Constraints

This study explores a financial constraint faced by MSMEs in Surabaya. Based on the interview, the profile of MSMEs is shown in Table 2. The results show that most MSMEs still rely on private funding as financial support. Companies B, C, D, and H still fully rely on private funding. Meanwhile, company A and company E use credit banks as funding. Company G also uses financial support from the government, 30 percent of the total capital. This result indicates that they still cannot find better funding. The owner of company B stated that they already have a capital structure with minimum cost (zero cost) because they do not need to pay interest

to the bank or other external funding. In contrast, owners of company C prefer not to use external financing because they still consider the high-interest rate, although they lose the chance to expand the business.

The theme was formulated in Table 3. This table shows the five themes of financially constrained faced by MSMEs in creative industries.

##### Working Capital Management

Working capital management is crucial, especially for MSMEs (Zheng et al., 2022). Working capital management is related to the cash that the company needs to support operational activity. Based on the result, most companies still face difficulty computing the working capital. The owner of Company E explains that their job is unstable. In 2018, they could organize 20 events annually; in 2019, they finished 28 events. However, in 2020, due Covid 19 pandemic, the planned events were canceled, and only could finish 12 events. The size of the event and the requirement is varied. The demand per year fluctuates. Therefore, it is difficult for them to determine the annual working capital need. The cash is unstable in some seasons, and it is too high in other seasons. However, they must reject the job offer in other seasons because they need more capital to pay

the vendor. Company A is also facing some problems related to the working capital. They still only have limited staff and resources to fulfill the job. In a particular situation, they had ten requests for documentation and photographs on the same day, so

they had to reject some requests because they did not have enough staff and photographers. In addition, they also have limited funding to pay the photographer.

**Table 3.** Themes and Categories of Financial Constraints

Themes	Categories
Limited cash to fulfill the job (Company A); unstable requirement of cash (Company E)	Working Capital Management
Incomplete financial report and collateral (Company A); high interest (Company A); lack of collateral (Company C); not ready to expand the business (Company D); collateral (Company F)	Access to credit
Administration requirement (Company D), seasonal work (Company E)	Government financial support
Cannot buy a machine, inefficient cost (company C); quality of supplier (Company H), lack of vendor (Company E)	Cost efficiency
Cannot compute the financing cost (Company B); cannot hire an accountant or financial manager (Company D); cannot compute a working capital (Company E)	Financial Literacy

Abe et al. (2015) stated that MSMEs should maximize working capital through effective utilization of both informal financings (e.g., own funds and trade credit) and internal financing (e.g., retained earnings). The higher the informal and internal financing, the larger flexibility for MSMEs' working capital by reducing the external financing. Serrasqueiro et al. (2021) revealed that internal financing encourages the growth of MSMEs during an economic crisis. On the other hand, most of the owners of the MSMEs still face the difficulties of working capital. Policymakers should encourage the owners of MSMEs by creating pro-business framework regulations and providing training related to the business.

#### Access to Credit

Based on the result, only companies A and F used bank loans as additional funding. The owner of company D states that he survives the business in micro size because he strengthens the business model. He thinks he will need access to credit if they are ready to expand the business. In line with Company D, Company C does not want to access the credit because the owner thinks the bank will reject the credit application due to the collateral asset and the company's size. As Erdogan (2018) stated, collateral is often the main obstacle for MSMEs to obtain bank funding.

Company A has only 10 percent of bank loans in the capital structure. Company A only received less than 75 percent of the amount applied when they applied for credit due to the incomplete financial report and collateral aspect. It also happened to company F. Company F only received less than 60

percent of the amount applied due to the collateral aspect. Company F is classified as a culinary sector. Their fixed asset is only kitchen equipment that cannot be used as collateral. Company F only can use the café building as collateral.

Moreover, the owners of company A and company F also plan not to use bank loans anymore in the next period because they think the interest is high. They still try to find another financial support that costs less. In conclusion, they only need access to credit which can offer minimum cost. These findings align with the pecking order theory, which states that internal funding is the best way to finance the business. On the other hand, MSMEs will lose the opportunity to get additional orders because of limited resources.

#### Financial Support from Government

Government financial support for micro and small enterprises is expected to increase productivity by 28.12 percent (Widodo & Mahi, 2022). The finding, however, reveals that most creative MSMEs never receive financial support from the government. The owner of Company D explained that there are some opportunities to get financial support from the government. However, they cannot fulfill the administration requirement, for example, the annual report. Company D only has a simple financial report; therefore, they choose not to apply for financial support from the government. In addition, Company E also chose not to apply for support because their work is seasonal. They only need financial support only at certain times.

Conversely, Company G applies for the government's incentive assistance program. Company G

received 30 percent of the total capital. The owner also stated that financial support from the government is instrumental in supporting the business. Because the work is seasonal, as Company E mentioned, the owner also suggests it would be better if the financial support from the government should be project based because MSMEs have seasonal projects.

Although the Indonesian government has KUR (People's Business Credit), a program that provides micro-business financing by offering capital incentives and helping businesses obtain bank loans, only 46.7 percent of respondents received funding from KUR. The remainder did not (Farida et al., 2015). MSMEs often lack the necessary documentation to apply for their loan, such as financial statements. Alternatives chosen by owners to finance their business include financing from neighbors, lenders, or relatives (Farida et al., 2015). Policymakers should adjust the financial support based on the various operational business.

Furthermore, the owners of MSMEs emphasized that they face difficulties in fulfilling the administrative document. Their business is small and has seasonal work, so they cannot write down the annual report for a year. As Nakku et al. (2020) suggested, government agencies also need to provide non-financial support, such as training, market research information, business consulting, and trade fairs, to improve the performance of MSMEs.

### **Cost Efficiency**

Some creative MSMEs face financial problems related to cost efficiency. The owner of Company C stated that they are not aggressive enough to produce a higher quantity of goods because the market is still limited. Company C also explained that they could not buy the machine to produce at a lower cost. So, the cost per unit is still high. Company C already understood that they needed to expand the market to lower the cost per unit, so they still survived to expand the market.

Company H also understands that their cost is still high compared with another similar company. Company H is still trying hard to find suppliers of quality coffee at affordable prices. They understand it is hard to find them. Therefore, the owner also tries to have another business line as coffee beans producers. He has already calculated the cost, believing it significantly impacts cost efficiency and keeps the quality

of coffee. However, it needs higher financing to support all the business lines.

In addition, cost efficiency in company E is related to the vendor. Meanwhile, negotiation skills and price bargaining are essential for company E. Because the size of company E is still micro, they still struggle to find the best vendor per each activity. For example, they need to find a sound system vendor, location, musician, and others at a lower price in music concerts. They understand that the relationship between the vendor and the company is important to get a better price and lower the cost. It implies the need for synergy between MSME actors in the creative industry to remove constraints on the company's size, such as forming associations, so that they have greater bargaining power with suppliers or even provide needs independently (Zaridis et al., 2021).

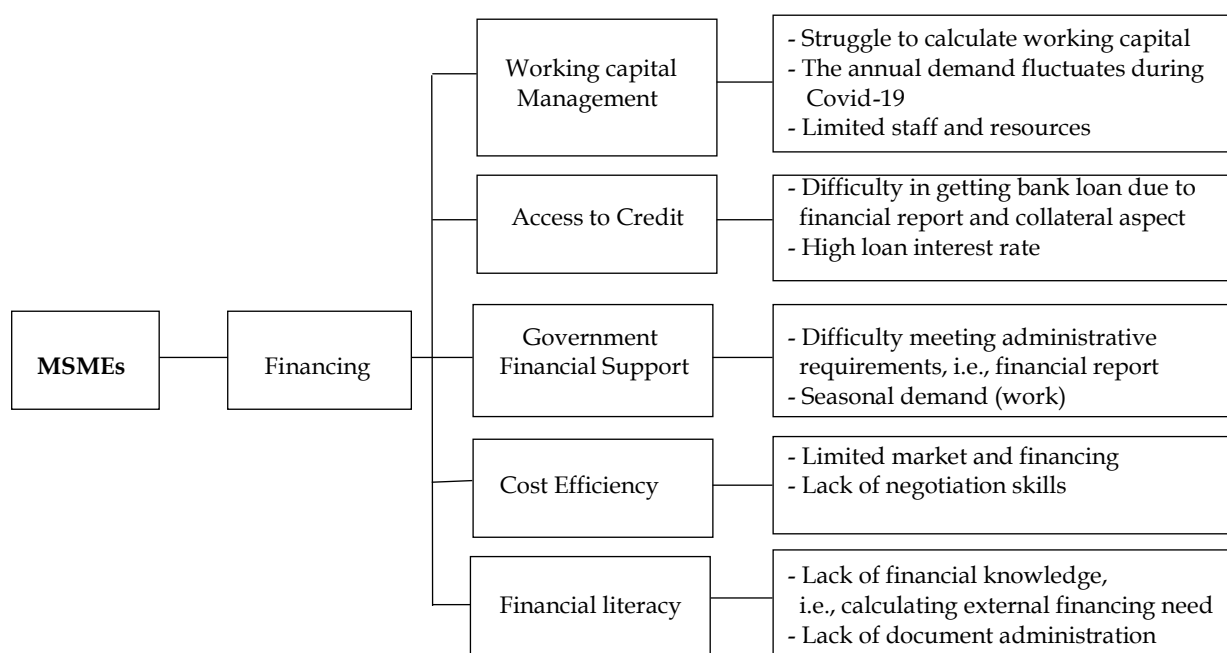
### **Financial Literacy**

Another reason some MSMEs owners do not apply for credit is regarding financial literacy. The owner of Company B stated that she does not know how to compute and determine the external financing that is suitable for the company. Therefore, she chose not to rely on external financing because she only thinks internal financing is the most efficient for the company. However, she does not consider expansion.

Company D also faced financial problems related to financial literacy. Company D still does not have an accountant and financial manager; therefore, the administration related to the financial statement is not well organized. The lack of financial literacy and the administration makes them lose the opportunity to get financial support from the government.

Company E agrees that financial literacy is vital for their business. Financial literacy limits make it difficult to compute the working capital. They hope for support from the government not only related to the finances but also the literature that supports the skill and ability. These findings align with Utami et al. (2021), showing that better financial literacy of MSME owners leads to more responsible financial behaviors. It indicates the importance of government agencies providing education and training on financial literacy, market orientation, and other technical competencies for MSME owners to improve their performance (Hutahayan, 2021).

Figure 1 outlines the most important findings of this research.



**Figure 1.** Financial Constraints of MSMEs in the Creative Industry in Surabaya.

## 5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

The concept of the creative economy is the result of the transformation of the structure of the world economy, where there is a change in economic growth from natural resource-based to human resource-based and from the agricultural era to the industrial and information era. In this era, the creative economy emerges by intensifying information and creativity that relies on ideas and a stock of knowledge from human resources as the main production factor in its economic activities.

Based on the findings, the owner of MSMEs still assumes that internal funding is the best way to finance the business. These findings are in line with the pecking order theory. Some owners choose not to apply for credit or use external funding because they want to strengthen their business model, but as a result, they will lose expansion opportunities. Besides, they have not been able to calculate how much interest they must pay if they access external funding.

Most of the MSMEs still find difficulty in computing the working capital because the demand is unstable. They still cannot compute how much cash should be held. These findings are in line with other findings about financial literacy. Financial literacy is essential to manage MSMEs. The owner realizes their financial literacy is insufficient to expand business soon, but they are trying to increase financial literacy and expect government assistance.

This study finds that some MSMEs lose financial support from the government because they cannot fulfill the administrative document. On the other hand, they recognize the usefulness of financial support. In addition, they expect government support suitable for their business cycle, such as investment in the seasonable project. The findings also capture the importance of non-financial aspects that could support the financial aspect—for example, negotiation and marketing skills.

This study explores the financial constraints faced by the MSMEs' creative industry. Based on the owner's perspective, the constraints are related to working capital management, access to credit, cost efficiency, and financial literacy. This study has several implications. The government can support MSMEs creatively by giving financial and non-financial support. Financial support also can be delivered by the project. Government can conduct training to increase the ability and skill of MSMEs owners and provide pro-business framework regulations. In addition, policymakers should provide alternative funding facilities with low-interest rates and non-burdensome requirements. For a business owner, it is essential to increase financial literacy and prepare administrative and financial reports not to lose the opportunity to fulfill the job. The business owner should understand the minimum of cash that should be held and make a financial budget for the next season assuming

various conditions: good, medium, and bad, so the amount of working capital can be estimated.

This research only captures the financial constraints of Surabaya's eight MSMEs' creative industries. It would be more comprehensive to observe more companies in various regions. In addition, the interview method could generate a subjective answer that is insufficient to generalize. Future research can utilize secondary data to increase the validity, reliability, and empirical support.

## REFERENCES

- Abe, M., Troilo, M., & Batsaikhan, O. (2015). Financing small and medium enterprises in Asia and the Pacific. *Journal of Entrepreneurship and Public Policy*, 4(1), 2-32.
- Ahmad, S. Z., Ahmad, N., & Abu Bakar, A. R. (2018). Reflections of entrepreneurs of small and medium-sized enterprises concerning the adoption of social media and its impact on performance outcomes: Evidence from the UAE. *Telematics and Informatics*, 35(1), 6-17.
- Badan Ekonomi Kreatif. (2016). *Laporan kinerja badan ekonomi kreatif*. Available at <https://eperformance.kemenparekraf.go.id>
- Badan Ekonomi Kreatif. (2020). *Laporan kinerja badan ekonomi kreatif*. Available at <https://eperformance.kemenparekraf.go.id>
- Bakhtiari, S., Breunig, R., Magnani, L., & Zhang, J. (2020). Financial constraints and small and medium enterprises: A review. *Economic Record*, 96(315), 506-523.
- Baños-Caballero S, P. J. García-Teruel, & P. Martínez-Solano. (2013). Working capital management, corporate performance, and financial constraints. *Journal of Business Research*, 67 (3), 332-338
- Biswas, A. (2014). Financing constraints for the MSME sector. *International Journal of Interdisciplinary and Multidisciplinary Studies*, 1(5), 60-68.
- British Council. (2018). Building an inclusive and creative economy: The state of social enterprise in Indonesia. [https://www.Britishcouncil.Org/Sites/Default/Files/The\\_state\\_of\\_social\\_enterprise\\_in\\_indonesia\\_british\\_council\\_web\\_final\\_0.Pdf](https://www.Britishcouncil.Org/Sites/Default/Files/The_state_of_social_enterprise_in_indonesia_british_council_web_final_0.Pdf).
- Brown, J. D., & Earle, J. S. (2017). Finance and growth at the firm level: Evidence from SBA loans. *The Journal of Finance*, 72(3), 1039-1080.
- Choudhury, M., & Goswami, C. (2019). MSME financing gaps-review of literature for the period 2005 to 2016. *Journal of Small Business and Entrepreneurship Development*, 7(2), 50-60.
- Erdogan, A. I. (2018). Factors affecting SME access to bank financing: an interview study with Turkish bankers. *Small Enterprise Research*, 25(1), 23-35.
- Farida, F., Siregar, H., Nuryartono, N., & Intan, E. (2015). Micro enterprises' access to people business credit program in Indonesia: Credit rationed or non-credit rationed? *International Journal of Economic Perspectives*, 9(2), 57-70.
- Hutahayan, B. (2021). The relationships between market orientation, learning orientation, and financial literacy on the knowledge competence, innovation, and performance of small and medium textile industries in Java and Bali. *Asia Pacific Management Review*, 26(1), 39-46.
- Kementerian Perindustrian Republik Indonesia. (2017). *Laporan Kinerja Kementerian Perindustrian Republik Indonesia*.
- Kristiyanti, M. (2012). Peran strategis usaha kecil menengah (UKM) dalam pembangunan nasional. *Majalah Ilmiah Informatika*, 3(1), 63-89.
- Maiti, M. (2018). Scope for alternative avenues to promote financial access to MSMEs in developing nation evidence from India. *International Journal of Law and Management*, 60(5), 1210-1222.
- Mayan, M. J. (2016). *Essentials of qualitative inquiry*. Routledge.
- Naidu, S., & Chand, A. (2012). A comparative study of the financial problems faced by micro, small and medium enterprises in the manufacturing sector of Fiji and Tonga. *International Journal of Emerging Markets*, 7(3), 245-262.
- Nakku, V. B., Agbola, F. W., Miles, M. P., & Mahmood, A. (2020). The interrelationship between SME government support programs, entrepreneurial orientation, and performance: A developing economy perspective. *Journal of Small Business Management*, 58(1), 2-31.
- Neubauer, B. E., Witkop, C. T., & Varpio, L. (2019). How phenomenology can help us learn from the experiences of others. *Perspectives on Medical Education*, 8(2), 90-97.
- Nugroho, S. A. (2012). The economic development and the growth of small-medium enterprises in Indonesia: A hometown investment trust fund approach. *Integration*, 15, 171-193.
- Serrasqueiro, Z., Leitão, J., & Smallbone, D. (2021). Small-and medium-sized enterprises (SME) growth and financing sources: Before and after the financial crisis. *Journal of Management &*



- Organization*, 27(1), 6-21.
- Tambunan, T. (2019). Recent evidence of the development of micro, small and medium enterprises in Indonesia. *Journal of Global Entrepreneurship Research*, 9(1), 2-15.
- Utami, E. S., Aprilia, M. R., & Putra, I. C. A. (2021). Financial literacy of micro, small, and medium enterprises of consumption sector in probolinggo city. *Jurnal Manajemen Dan Kewirausahaan*, 23(1), 10-17.
- Wibawa, B. M., Baihaqi, I., Nareswari, N., Mardhotillah, R. R., & Pramesti, F. (2022). Utilization of social media and its impact on marketing performance: A case study of SMEs in Indonesia. *International Journal of Business and Society*, 23(1), 19-34.
- Wibawa, B. M., & Nareswari, N. (2019). MSMEs Focus on Instagram Account Quality : Key Factors to Prioritize in Instagram Posting. *Jurnal Sosial Humaniora*, (01), 66-74.
- Widjaja, Y. R., Alamsyah, T. B., Rohaeni, B., & Sukajie, H. (2018). Peranan kompetensi SDM UMKM dalam meningkatkan kinerja UMKM Desa Cilayung Kecamatan Jatinangor, Sumedang. *Jurnal Pengabdian Kepada Masyarakat*, 1(3), 465-473.
- Widodo, C. A., & Mahi, B. R. (2022). The Effect of Financial and Non-financial Supports on the Productivity of MSEs in Indonesia. *Journal of Economics, Business, & Accountancy Ventura*, 25(2), 229-243.
- Yuana, L. (2022). Potensi Industri Kreatif Surabaya Capai Rp.300 Miliar, SCN Dorong Regulasi, <https://timesindonesia.co.id/ekonomi/398512/potensi-industri-kreatif-surabaya-capai-rp300-miliar-scn-dorong-regulasi>
- Zaridis, A., Vlachos, I., & Bourlakis, M. (2021). SMEs strategy and scale constraints impact on agri-food supply chain collaboration and firm performance. *Production Planning & Control*, 32(14), 1165-1178.
- Zheng, X., Zhou, Y., & Iqbal, S. (2022). Working capital management of SMEs in COVID-19: role of managerial personality traits and overconfidence behavior. *Economic Analysis and Policy*, 76, 439-451.

## APPENDIX

Topic	Question
Business Profile	<ol style="list-style-type: none"> <li>1. Main Business</li> <li>2. Scope of Business</li> <li>3. Legal Aspect/ Legal Entity</li> <li>4. Registered Taxpayer</li> <li>5. Turnover</li> <li>6. Total Annual Assets and Total Sales</li> </ol>
Owner Profile	<ol style="list-style-type: none"> <li>1. Name, Age, Sex, Education</li> <li>2. Risk Tolerance</li> <li>3. Owner's Income</li> </ol>
Asset	<ol style="list-style-type: none"> <li>1. Asset Structure</li> <li>2. Current Asset</li> <li>3. Current Receivable</li> <li>4. Fixed Asset</li> <li>5. Property, Plant, &amp; Equipment</li> </ol>
External Financing	<ol style="list-style-type: none"> <li>1. Total Liability: Short-Term Liability, Long-Term Liability</li> <li>2. Total Equity</li> <li>3. Financial Products Have Been Used (Advantages and Disadvantages)</li> <li>4. Grant? Government Support?</li> </ol>
Operational Aspect	<ol style="list-style-type: none"> <li>1. Detail Activity of The Business</li> <li>2. Supply Chain</li> <li>3. Business Cycle</li> <li>4. Working Capital</li> <li>5. Cost</li> <li>6. Margin</li> </ol>
Capital Structure	<ol style="list-style-type: none"> <li>1. Percentage of Liability</li> <li>2. Percentage of Equity</li> <li>3. Total Investment</li> <li>4. Short- and Long-Term Financial Planning</li> </ol>
Financial Report	<ol style="list-style-type: none"> <li>1. Availability of Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity</li> <li>2. Financial Report Analysis</li> <li>3. Implications of Financial Statements</li> </ol>
Financial Management	<ol style="list-style-type: none"> <li>1. Who Has Responsibility/Decides a Financial Decision?</li> <li>2. Operational Bank Account</li> <li>3. When Financial Records are Carried Out Periodically</li> <li>4. How to Pay Obligations</li> <li>1. How to Share a Profit/Loss</li> </ol>
Financial Problem	<ol style="list-style-type: none"> <li>1. Lost The Opportunity</li> <li>2. Rejected by The Financial Institution/External Financing</li> <li>3. Cost Management</li> <li>4. Financial Knowledge</li> </ol>