MSME DEVELOPMENT MODEL IN CONVENTIONAL BANKS IN MEDAN CITY

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ARTICLEINFO	ABSTRACT
Keywords: Contribution HR Quality Capital MSME Development Role	Study This aim for see influence role, contribution, quality of human resources, to MSME development in the city of Medan, with capital as intervening variable. Study This carried out in the city of Medan, and which became target in study is community that has incoming business category in MSMEs. Method used with approach quantitative, with tool analysis SmartPLS. As for the results obtained, Role has influence in a manner No direct to MSME development, with capital as intervening variable. this proven with mark *P Values* of 0.012 <0.05. Contribution No own influence in a manner No direct to MSME development, with capital as intervening variable. this proven with mark *P Values* of 0.606 > 0.05. HR quality is not own influence in a manner No direct to MSME development, with capital as intervening variable. this proven with mark *P Values* of 0.393 > 0.05
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1. INTRODUCTION

In Indonesia, financial institutions adhere to two systems, namely the conventional system and the sharia system. At present, both of them continue to make innovations in attracting people to make transactions, these innovations start from service innovation, applications used, to convenience in making transactions. Each institution, especially banking, has characteristics that can attract customers, so it is not uncommon for people to choose financial institutions according to the needs and advantages of the bank, for example in matters of financing. When talking about financing in conventional financial institutions and Islamic financial institutions, then of course you will be faced with a variety of different methods or flows (OJK, 2017). If in Islamic financial institutions, financing has many types or contracts used, if financing refers to productive financing, then usually the community will be offered a mudharabah or profitsharing contract, but if the financing is consumptive in nature, then usually syarkah banks will offer a murabahah contract. These two contracts are certainly not something new to the ears of the community, but have become something commonplace and are often discussed, especially among MSME activists. Many MSMEs activists often talk about these two financing, where murabaha and mudharabah financing are sharia-based financing that is often offered by MSMEs (Bara & Pradesyah, 2021).

Talking about financing in Islamic financial institutions, of course, you also have to talk about financing in conventional banks. In conventional banks, the financing provided is in accordance with what has been requested by the community, in the financing provided, conventional banks also divide it into two types, namely productive financing and consumptive financing. Currently, conventional financial institutions also shift MSMEs as productive customers, where people whose activities are developing business or have businesses whose scope is MSMEs, need more money on the basis of the business development they have. Therefore, currently conventional banks or conventional financial institutions are more focused on providing financing to MSMEs (Wahyuni et al., 2016). Apart from that, currently the government has also focused on improving the community's economy, one of the indicators of which is MSMEs. That is, the government is currently focusing on improving the community's economy, using MSMEs, so people who have buses whose counterparts are MSMEs, continue to be supported by the government, by providing financing to the community easily, providing financing with low interest, providing financing with a system easy way, and the government also made MSME development programs

Programs carried out by the government will be handed down to financial institutions, one of the things that is currently still a derivative of the government is the People's Business Credit or KUR. This financing is given to MSMEs, through financial institutions in Indonesia, this program is expected to increase people's income, which of course will have an impact on the country's economic growth. In order to realize the country's ideals in improving the country's economy, of course financial institutions must

also have a role in the development of MSMEs owned by the community, not just limited to contributions (Khairunnisa, 2015). The role in developing MSMEs should be an obligation for financial institutions, where after making a contribution in the form of money, financial institutions must also play a direct role in developing MSMEs, this development is in the form of situation analysis training, market development training, products, and so on. This is done in order to realize the government's aspirations in improving the economy of the community and the country (Ismail et al., 2023).

If you look at the current situation, many financial institutions only provide financing, or contribute in providing financing, but do not carry out their role in developing the businesses that people have, so that people often have difficulties in managing the businesses they own. In addition, most MSMEs also have difficulties in developing human resources, there are still many MSME actors who find it difficult to sell their products, due to limited human resource knowledge, which has an impact on stagnant income and development. In addition to the limited human resources owned by MSMEs, capital is also an intermediary variable that can weaken or strengthen MSME development (Jufrizen et al., 2020). So on the basis of the problems or the results of observations made, the researchers tried to use the role, contribution, and quality variables of Human Resources (HR), in the development of MSMEs with capital as an intervening variable.

2.   METHOD

This research uses a quantitative approach with a population and sample of SMEs in the city of Medan. The data collection technique uses a questionnaire with a total of 50 questions consisting of four latent variables with one mediator variable. The data analysis technique uses the Structural Equation Model (SEM) which is processed with the Smart Partial Least Square (Smart PLS) tool

3.   RESULT AND DISCUSSION
Convergent Validity

Validity convergent aim for measure composition between indicators results measurement variables and concepts theoretical explanation exists variable test indicators. In taking a decision Composite Reliability value > 0.7 so can declared valid. Additionally, for complete or prove connection between indicators and constructs can estimated AVE value > 0.5. Results of research data processing This is as follows:

Table 1 Validity and Reliability Test Results Construct

	Cronbach's Alpha	rhoA	Composite Reliability	Average Variance Extracted (AVE)
Contribution	0.649	follows	0.850	0.739
HR Quality	0.895	0.906	0.919	0.654
Capital	0.734	0.737	0.849	0.652
MSME Development	0.905	0.928	0.929	0.724
Role	0.809	0.859	0.885	0.719

Criteria validity and reliability seen from the average variance extract value (AVE) of each variable. Variable can said to be very reliable If score reliability combined more big of 0.7 and AVE more big from 0.5. Based on Table 1 concluded that all variable fulfil reliability composite Because value exceed specified number that is more of 0.7 and complies criteria reliability. Following structure external model testing use analysis SmartPLS.
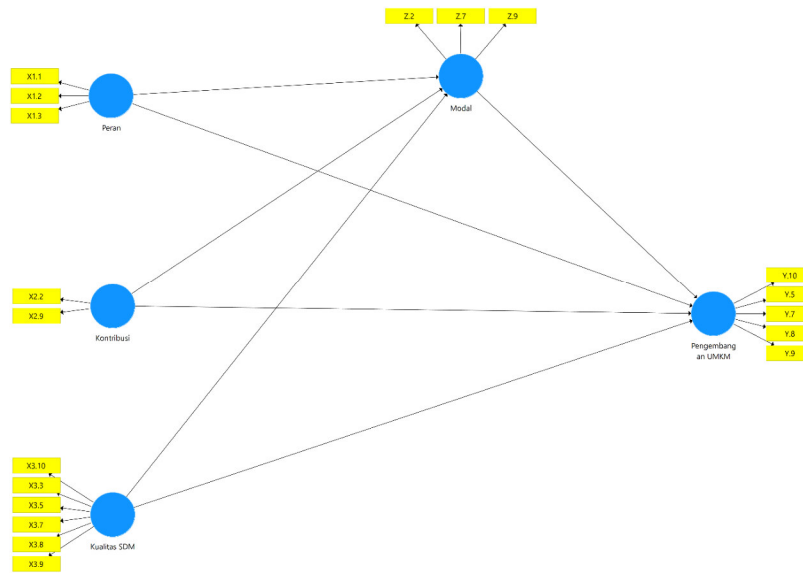
Figure 1. Model Structure

From the results analysis that has been carried out in table 2 shows that all variable Role (X1), Contribution (X2), HR Quality (X3), Capital (Z) and MSME Development (Y) have loading factor value above 0.7. Estimation results can seen in the picture following :

Table 2 Construct Loading Factor Value variable Role (X1), Contribution (X2), HR Quality (X3), Capital (Z) and MSME Development (Y)

	Contribution	HR Quality	Capital	MSME Development	Role
X1.1					0.807
X1.2					0.845
X1.3					0.890
X2.2	0.885				
X2.9	0.833				
X3.10		0.826			
X3.3		0.789			
X3.5		0.766			
X3.7		0.804			
X3.8		0.828			
X3.9		0.837			
Y.10				0.765	
Y.5				0.885	
Y.7				0.912	
Y. 8				0.920	
Y.9				0.756	
Z. 2			0.811		
Z. 7			0.811		
Z. 9			0.800		

From the results analysis that has been done can show that as much as 19 of whole variable own mark more big from 0.7 to see loading factor value, construct data Role (X1), Contribution (X2), HR Quality (X3), Capital (Z) and MSME Development (Y) can be seen in the table following :
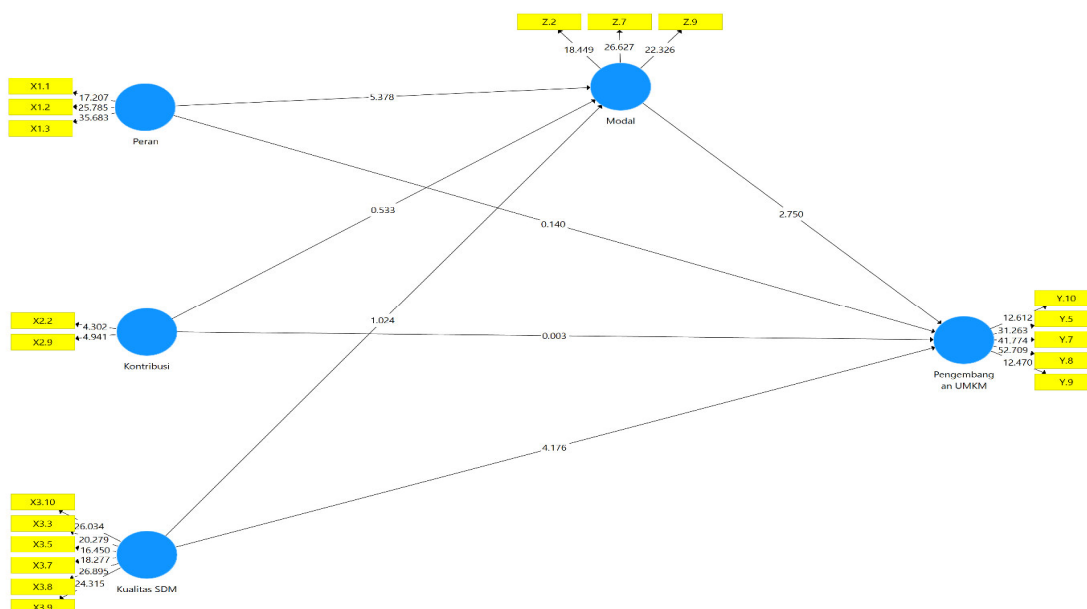
Figure 2. Results of Model Structure Assessment

Discriminant Validity

validity discriminant is level differentiation indicator in construct measurement. For test validity discriminant, got seen cross-loading value, ie coefficient correlation something indicator with the corresponding construct (loading) is compared with coefficient correlation construct others (cross-loading). The cross loading values of the Role (X1), Contribution (X2), HR Quality (X3), Capital (Z) and MSME Development (Y) variables are shown in the table following :

Table 3 Cross Loading Value

	Contribution	HR Quality	Capital	MSME Development	Role
X1.1					**0.807**
X1.2					**0.845**
X1.3					**0.890**
X2.2	**0.885**				
X2.9	**0.833**				
X3.10		**0.826**			
X3.3		**0.789**			
X3.5		**0.766**			
X3.7		**0.804**			
X3.8		**0.828**			
X3.9		**0.837**			
Y.10				**0.765**	
Y.5				**0.885**	
Y.7				**0.912**	
Y. 8				**0.920**	
Y.9				**0.756**	
Z. 2			**0.811**		
Z. 7			**0.811**		
Z. 9			**0.800**		

From Table 3 above can is known that the Output Cross Loading obtained by each latent variable is more big from 0.7 p That showing that each latent variable has said to be valid.

Composite Reability

In addition, a reliability test was also carried out measured construction to criteria reliability composite indicators gauge variable. Variables that can stated reliable If mark reliability the combination more big from 0.7. Cronbach's Alpha SmartPLS results are shown in the table below this :

Table 4 Composite Reability Value

	Composite Reliability	Average Variance Extracted (AVE)
Contribution	0.850	0.739
HR Quality	0.919	0.654
Capital	0.849	0.652
MSME Development	0.929	0.724
Role	0.885	0.719

From Table 4 it can be seen that reliability output value combined obtained each latent variable more big of 0.7, indicating that every latent variable obtained said reliable.

R-Square

Coefficient determination (R-squared) is stated numbers contribution exogenous latent variable to endogenous latent variables and influences exogenous latent variable to endogenous latent variable with use intervening variable. The R-Square values of 0.67, 0.33 and 0.19 respectively indicate a strong, medium and weak model. Based on results test, obtained results as following :

Table 5 R-Square Test Results

	R Square
Capital	0.181
MSME Development	0.086

The R-squared results in Table 5 show influence exogenous latent variable to endogenous latent variable of 0.181. the value explain that the role, contribution and quality of human resources have an effect to variable capital of 18.1%.. And the rest of 81.9% is influenced by other variables that are not including in study this. Influence exogenous latent variable to endogenous latent variable with use variable between is 0.086. the value explain that the role, contribution and quality of human resources have an effect to variable MSME development of 8.6%. And the rest 91.4 % is influenced by other variables that are not including in study this.

Hypothesis Test

Based on data processing, the result can used For answer hypothesis in study this. For conclude is accept or reject hypothesis, is used p- value at significance α = 5% or 0.05. If the p-value < 0.05 then H_0 rejected and $_{Ha}$ accepted It means there is influence. Conversely, if the p-value> 0.05 then H_0 accepted and H_a rejected It means No There is influence. Following This results from hypothesis testing in a manner direct and not directly :

Table 6 Hypothesis Test Results kindly Direct

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Role -> Modal	0.397	0.400	0.069	5,796	0.000
Role -> MSME Development	-0.065	-0.065	0.061	1,069	0.286
Contribution -> Capital	0.032	0.037	0.056	0.568	0.570
Contribution -> MSME Development	-0.006	-0.007	0.065	0.089	0.929
Quality -> Capital	0.064	0.066	0.062	1,031	0.303
Quality -> MSME Development	0.244	0.248	0.066	3,682	0.000
Capital -> MSME Development	-0.187	-0.189	0.062	3,003	0.003

Based on data presentation in tables on can is known that of 7 hypotheses from analysis carried out in a manner direct namely :

a. The role (X1) has significant influence in a manner direct to Capital (Z), meaning H_0 rejected and H_a accepted.

b. Role (X1) no own significant influence in a manner direct to MSME development (Y), meaning that H_0 is accepted and H_a rejected.

c. Contribution (X2) no own significant influence in a manner direct to Capital (Z), meaning H_0 accepted and H_a rejected.

d. Contribution (X2) no own significant influence in a manner direct to MSME Development (Y), meaning H_0 accepted and H_a rejected.

e. Quality (X3) no own significant influence in a manner direct to Capital (Z), meaning H_0 accepted and H_a rejected.

f. quality (X3) has significant influence in a manner direct to MSME Development (Y), meaning H_0 rejected and H_a accepted.

g. Capital (Z) has significant influence in a manner direct to MSME Development (Y), meaning H_0 rejected and H_a accepted.

Then obtained hypothesis test results in a manner No direct or through intervening variable, can seen in the table following :

Table 7 Hypothesis Test Results Indirectly

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Role -> Capital -> MSME Development	-0.074	-0.076	0.029	2,526	0.012
Contribution -> Capital -> MSME Development	-0.006	-0.007	0.012	0.515	0.606
Quality -> Capital -> MSME Development	-0.012	-0.013	0.014	0.854	0.393

Based on data presentation in tables on can is known that of 3 hypotheses from analysis carried out in a manner direct namely :

a. The role (X1) has significant influence in a manner No direct to MSME Development (Y) through Capital (Z) as intervening variable, meaning H_a accepted and H_0 rejected.

b. Contribution (X2) no own significant influence in a manner No direct to MSME Development (Y) through Capital (Z) as intervening variable, meaning H_0 accepted and H_a rejected.

c. Quality (X3) no own significant influence in a manner No direct to MSME Development (Y) through Capital (Z) as intervening variable means H_0 accepted and H_a rejected.

4. CONCLUSION

Role has influence in a manner No direct to MSME development, with capital as intervening variable. this proven with mark P Values of 0.012 <0.05. Contribution No own influence in a manner No direct to MSME development, with capital as intervening variable. this proven with mark P Values of 0.606 > 0.05. HR quality is not own influence in a manner No direct to MSME development, with capital as intervening variable. this proven with mark P Values of 0.393 > 0.05.

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