

*(Original Article)*

Review of the Effectiveness of the Loan Interest Subsidy Program for Micro, Small and Medium Enterprises by the Cooperative Office of Small and Medium Enterprises (UKM) Pekanbaru City

Gustia Milda¹, M. Rafi²¹Universitas Riau, Indonesia²Universitas Riau, Indonesia*Correspondence: gustiamildaa@gmail.com**Abstract**

The Pekanbaru City SME Cooperative Office holds a loan interest subsidy program that aims to support the implementation of the National Economic Recovery (PEN) program and assist business actors in running their businesses. In its implementation, business actors must take part by developing their business. But in reality, there are problems for business actors, namely the lack of quality of human resources, difficulties in realizing procedures and permits from the Government, the lack of capital owned by business actors and difficulties in obtaining loans. The research method used in this research was descriptive qualitative. Data collection techniques were carried out using interviews and documentation techniques. The data analysis technique in this research used Nvivo 12 Plus software using the theory of measuring program effectiveness by Sutrisno. The results of this study indicate that from the aspect of understanding the program for business actors, they do not fully understand and are able to deal with the consequences of late payment of loan interest subsidies. The right target indicator has not been able to achieve the objectives of the loan interest subsidy program because there is a Cost Budget Plan (RAB) that does not match the actual conditions. Timely indicators, which are quite slow in the process of distributing the loan interest subsidy program. Then the real change indicator found that the loan interest subsidy program has not been able to bring about changes because there are still many problems that occur such as bad credit, lack of responsiveness, short repayment times, and many who ask for unsecured. From these problems, it can be said that the loan interest subsidy program implemented has not been effective and has not been able to bring impact or change to the community as business actors.

Keywords

effectiveness, interest subsidy program, loans, msme

Received: 16 January 2025; Revised: 15 March 2025; Accepted: 21 April 2025

Introduction

The national economy has experienced significant disruption due to external pressures recently, causing instability in various strategic sectors. The government is trying to move quickly to prevent and prepare for a bigger impact (Anderson et al., 2020). Micro, Small and Medium Enterprises (MSMEs) are one of the most vulnerable sectors.

Micro, Small, and Medium-Sized Enterprises (MSMEs) are a component of Indonesian business actors. Indonesia has 64.2 million Micro, Small, and Medium-Sized Enterprises (MSMEs) as of 2021 (Muhamad 2023). There is no doubt that this directly affects Indonesia's economy. Micro, small, and medium-sized businesses (MSMEs) offer a wide range of economic services to the community and can directly contribute to income equality and growth, local revenue, and the national economy. In

this sense, MSMEs are among the key pillars of the national economy and ought to receive the greatest chance, of protection, support, and expansion as a method of showing preference for local business associations.

Undoubtedly, the government plays a crucial role in enabling business actors, as stated in Law of the Republic of Indonesia No. 20/2008 on Micro, Small, and Medium Enterprises (Republic of Indonesia, 2008) according to Article 1, paragraph 8, empowerment is the result of concerted efforts by the government, regional governments, business community, and community to support MSMEs' business development and climate growth so they can become robust, independent enterprises. The government and regional governments then explain that they finance micro and small businesses in paragraph 1 of article 21. In paragraph 2, it is explained that State-Owned Enterprises can offer loans, guarantees, grants, and other forms of finance from the allowance for the portion of yearly profits allotted to Micro and Small Enterprises. By facilitating and encouraging increased working capital and investment financing through the expansion of sources and financing, access to capital markets, and other financing institutions, the Government and Regional Governments empower medium-sized businesses in the area of financing and guarantee, as explained in Article 24 letter a.

Apart from the aforementioned laws, Micro, Small, and Medium Enterprises (MSMEs) are empowered and financed for economic recovery which is regulated under Government Regulation of the Republic of Indonesia No. 43/2020 on Amendments to Government Regulation No. 23/2020 on the Implementation of the National Economic Recovery Program in the Context of Supporting State Financial Policies (Republic of Indonesia, 2020). According to Article 5 paragraph 13, loans related to National Economic Recovery for Regions, also known as Regional PEN (National Economic Recovery), are financial assistance given by the government to regional governments in the form of loans that are intended to be used as part of the PEN program to hasten the region's economic recovery. The PEN program through State spending as mentioned in Article 5 includes, but is not limited to, letter a, which is the provision of interest subsidies to banking debtors, finance companies, and institutions that distribute Government credit programs that meet the requirements, according to Article 20 paragraph 1 of Government Regulation Number 43 of 2020.

Additionally, Pekanbaru City Regional Regulation of Pekanbaru City Number 2 of 2018 concerning Empowerment of Micro, Small and Medium Enterprises clearly outlines several MSMEs' empowerment goals (Government of Pekanbaru, 2018). Article 6 explains that these goals include: a. Increasing community participation, universities, and large businesses to develop MSMEs. b. Acknowledging a balanced regional economy. c. Boost MSMEs' market share, productivity, and competitiveness. d. Expanding and strengthening MSMEs' capacity to operate independently and robustly as the cornerstone of a populist economy built on just market principles. e. Expanding MSMEs' contribution to economic growth, job creation, income distribution, regional development, and community welfare.

The Cooperative and SME Office of Pekanbaru City, an organization that performs the empowerment role, announced a loan interest subsidy program for business actors with limited money as part of its strategic strategy. In partnership with PT BPR Pekanbaru Madani (perseroda), the Pekanbaru City Cooperative and SME Office oversees this program. The loan interest subsidy scheme is based on Regulation of the Mayor of Pekanbaru City Number 104 of 2022 concerning the Provision of Interest Subsidies to PT. Pekanbaru Madani Rural Credit Bank (Perseroda) To assist microbusinesses in carrying out the economic recovery program (Mayor of Pekanbaru City, 2022). Article 3 of Pekanbaru Mayor Regulation Number 104 Year 2022 outlines

the program's goals, which include promoting the acceleration of economic growth and employment, expanding access to productive costs, boosting microbusiness competitiveness, and safeguarding, preserving, and enhancing the financial capacity of microbusiness actors in operating their companies. By fulfilling several requirements, the Pekanbaru City Cooperative and SME Office's loan interest subsidy program's goal applies to all micro and small business players in Pekanbaru City (diskop.pekanbaru.go.id, 2023). Article 6 of the Pekanbaru Mayor Regulation Number 104 Year 2022 outlines the requirements that must be fulfilled, including being eligible Micro and Small Enterprises, being a native of the region as demonstrated by KTP, a Family Card, a guarantor's passport photo, having a Business Identification Number (NIB), having a Budget Plan (RAB) for the use of funds, having an integrity fact letter stating that the debtor receives interest subsidy assistance from the Pekanbaru City Government, and obtaining a certificate of Micro and Small Enterprises from the Pekanbaru City Cooperative and UKM Office. The Micro Business interest subsidy paid by the Cooperative and UKM Office of Pekanbaru City in 2023 is 9 percent of the total interest of 12 percent, which means that people only need to pay 3 percent interest and that the maximum loan amount is Rp 15,000,000 (Fifteen Million Rupiah) over 12 months, as explained in articles 7 paragraph 2 and 8 paragraph 1. But in 2024, the loan interest subsidy changed to 12 percent of the interest borne by the Pekanbaru City Government. Meanwhile, business actors only need to pay the principal loan according to the amount submitted.

This loan interest subsidy program was launched at Sukaramai Trade Center (STC) on Thursday, January 26, 2023, and has been in operation since January 2023 (Cakaplah.com, 2023). About 400 Micro, Small, and Medium-Sized Enterprises (MSMEs) registered since the interest subsidy program was put into place, but only half of them received assistance because many of them did not meet the requirements to receive loan interest subsidy assistance, according to Mr. Sarbaini, Head of the Pekanbaru City SME Cooperative Office (Infopublik.id, 2023).

To achieve harmony in economic progress, the government's facilities and empowerment alone are insufficient. The players of Micro, Small, and Medium-Sized Enterprises (MSMEs) themselves must undoubtedly contribute to boosting economic growth by being tenacious, competent, and possessing company development experience. However, in practice, MSME actors continue to encounter several challenges as they grow their companies. Several phenomena or issues related to the growth of Micro, Small, and Medium-Sized Enterprises (MSMEs) are examined in this study, specifically:

First, the owners of Micro, Small, and Medium-Sized Enterprises (MSMEs) have poor human resources, including insufficient technological knowledge and skills, which makes it challenging for them to obtain government-provided information on empowerment (Merdeka.com, 2023).

Second, Due to their limited resources, business actors still find it difficult to understand all applicable licensing procedures and procedures because the government's requirements are quite strict according to Riau.kini.com (2024). Because of this, business actors are unwilling to comply with numerous standards, which ultimately prevents their companies from using government-provided facilities (Kjaatik.id, 2024).

Third, The slow process of verifying the requirements. The process of file verification and field surveys by the government takes a long time due to the limited number of officers. So that this can slow down the empowerment process provided by the Government to business actors (Cakaplah.com, 2024).

Fourth, the lack of money owned by business actors, where each business actor encounters different challenges in growing their company, and the majority of MSMEs

encounter issues in their business development endeavors. According to CNN Indonesia (2023), over 60% of MSME participants struggle to secure capital loans, also known as funding, according to the Indonesian Employers Association (Apindo). Business actors frequently struggle to obtain capital loans from banks because they don't match the conditions, which prevents them from growing, according to Luthfa in Oyindonesia.com (2021). This is undoubtedly a problem for business actors, and the government has a responsibility to empower MSME actors with regard to business capital.

The researcher wants to convey the significance of this research being conducted through this study, which is based on some of the literature and issues mentioned above. Because there is currently very little research on the efficacy of the loan interest subsidy program in Pekanbaru City, the majority of this research focuses exclusively on MSMEs' development and empowerment. This study aimed to determine and characterize the effectiveness of the loan interest subsidy program for Micro, Small, and Medium-Sized Enterprises as evaluated by the Cooperative Office of Small and Medium Enterprises (UKM) of Pekanbaru City using Sutrisno (2018) theory and indicators of program comprehension, on target, on time, achieving goals, and real change.

With the context of these problems, it is important to conduct this research to find out how the effectiveness of the loan interest subsidy program for MSME actors in Pekanbaru City.

Literature Review

Effectiveness

Effectiveness, as defined by Ratmino & Winarsih in Ferdelice Lunga Nani & Hyronimus Rowa (2021), is the accomplishment of predetermined objectives, including targets, long-term goals, and an organizational mission. Steers states in Bastaman & Nawawi (2020) that to be effective, three key ideas must be given careful consideration: system viewpoints, goal optimization, and the importance of human behavior in organizational arrangements. Effectiveness, then, is the degree of accomplishment in accomplishing one or more particular goals, according to Indrawati (2022). Additionally, effectiveness is a more general term that encompasses a range of internal and external elements.

Organization

According to Max Weber, Thoha (2017) defines an organization as a system of social relationships in which individuals interact with one another within a boundary-delimited organization, resulting in an interaction relationship that is not spontaneous but rather constrained by rules.

Effectiveness of The Organization

Organizational effectiveness, according to Robbins in Gammahendra et al. (2014), is the degree of precision with which a goal is accomplished by employing the resources that are already available. In Andre Dwi Nata (2022), Mohyi further contends that organizational success is an endeavor to accomplish a goal through the utilization of both artificial and human resources inside the firm.

Measurement of Program Effectiveness

According to Sutrisno (2018), measuring program effectiveness there are five variables as indicators of the success of a program. The five variables include: (1) program understanding, is the level of understanding of the program from the community

regarding the loan interest subsidy program, (2) right on target, is the level of accuracy of the target of a pre-planned loan interest subsidy program, (3) on time, is the level of timeliness that is seen from the service system, and policies that have been carried out, by a predetermined schedule, (4) goal achievement, seen from how far the Government apparatus has succeeded in carrying out public services by predetermined time schedules and targets, (5) real change, which is a visible and observable change, is seen from how influential the loan interest subsidy program bring changes to the community as business actors who are targeted by the loan interest subsidy program.

The relevance of the indicators put forward by Sutrisno can also be seen in previous research by Rahayuni & Rusli (2021), who evaluated the effectiveness of the Direct Cash Assistance Program (BLT-DD) during the Covid-19 pandemic. The study found that the lack of public understanding, inaccurate distribution, and delays in fund disbursement were the main inhibiting factors for the success of the program. These findings reinforce the importance of Sutrisno's (2018) five indicators in evaluating the effectiveness of various public policies, including in the context of the loan interest subsidy program studied in this research.

MSMEs, or Micro, Small, and Medium-Sized Businesses

Micro, Small, and Medium Enterprises or commonly referred to as MSMEs are one type of business that is resistant to shocks or changes (Sudartono et al., 2022). MSMEs also play a role in creating jobs and driving the economy and economic development. Then MSMEs are a type of business that is separated based on the criteria and turnover of MSMEs (Muttaqien et al., 2022).

Program for Loan Interest Subsidies

The interest subsidy program is a program in which the interest portion is borne by the government to support and ease the burden on business actors, especially MSMEs in accessing productive business financing (Handayani & Huda, 2023).

Method

This study employed descriptive research, which aimed to identify a symptom, phenomenon, or social reality that exists and characterized several factors associated with the issue being studied Syahrizal & Jailan (2023). The method used by researchers in research was qualitative.

This study was carried out in Pekanbaru City, with research sites at PT BPR Madani Pekanbaru and the Pekanbaru City Cooperative and SME Office. Tekat Tiga Dara Songket Business Actors, Dafana Honey Business Actors, the Head of Promotion, Business Development, and Infrastructure Facilities, the Head of Facilitation, Supervision, and Capacity Building, and the Business Manager of PT BPR Pekanbaru Madani were the research subjects in this study. This research was conducted with the understanding that the purpose of the Effectiveness Review of the Loan Interest Subsidy Program was to determine how the Cooperative Office of Small and Medium Enterprises (UKM) of Pekanbaru City's Loan Interest Subsidy Program for Micro, Small, and Medium Enterprises had been operating efficiently and well in compliance with the established provisions.

Primary and secondary data were the two forms of data used in this study's data sources. Primary data, as defined by Wekke (2019), was information gathered by researchers directly from informant sources through interviews. To gather primary data for this study, the researcher conducted direct interviews with informants who were fully informed about the Cooperative Office of Small and Medium Enterprises (UKM) of Pekanbaru City's Review of the Effectiveness of the Loan Interest Subsidy Program

for Micro, Small, and Medium Enterprises. The researcher also used a cellphone voice recording device or written notes.

Then, secondary data, as defined by Sugiyono (2019), was information gathered from sources that did not directly supply data to data collectors and was utilized to bolster previously acquired primary data. Secondary data used in this research are books such as the book NVivo 12 Plus's New Qualitative Cross-Tab Analysis Function, Metode Penelitian Kuantitatif Kualitatif dan R&D, Budaya Organisasi, Perilaku Organisasi Konsep Dasar dan Aplikasinya, Metode Penelitian Sosial. Then journal articles such as The Lancet, World of Public Administration Journal (WPAJ), Journal of State Administration, Journal of Government Science Suara Khatulistiwa (JIPSK), Journal of Education, Social & Humanities, laws and regulations such as 2008 concerning Micro, Small and Medium Enterprises, Government Regulation of the Republic of Indonesia No. 43/2020 concerning Amendments to Government Regulation No. 23/2020 concerning the Implementation of the National Economic Recovery Program in the Context of Supporting State Financial Policies for Handling the Covid-19 Pandemic, Regulation of the Minister of Finance of the Republic of Indonesia Number 150/PMK.05 /2021 Regarding Procedures for Providing Interest Subsidies / Margin Subsidies in the Context of Supporting the Implementation of the National Economic Recovery Program, Pekanbaru City Regional Regulation Number 2 of 2018 concerning Empowerment of Micro, Small and Medium Enterprises, Pekanbaru City Mayor Regulation Number 104 of 2022 Regarding Providing Interest Subsidies at PT. Bank Perkreditan Rakyat Pekanbaru Madani (Perseroda), and internet news sources that discuss the topic of this research such as Cakaplah.com, CNNIndonesia.com, Databoks.com, diskop.pekanbaru.go.id, Infopublik.id, Kjaatik.id, Merdeka.com, Oyindonesia.com, and RiauKini.com.

The data analysis method employed in this study then visualized data based on key combinations using Nvivo 12 Plus software to describe the variables and concepts that influenced empirical phenomena (Hai-Jew, 2020).

Using Sutrisno (2018) theory of measuring program effectiveness, which included five indicators, 1. understanding of the program, 2. on target, 3. on time, 4. achieving goals, and 5. real change, the research aimed to ascertain the effectiveness review of the Loan Interest Subsidy Program for Micro, Small, and Medium Enterprises conducted by the Cooperative Office of Small and Medium Enterprises (UKM) of Pekanbaru City.

Results

The goal of the Pekanbaru City Government's loan interest subsidy program is to empower business actors and assist those who face financial constraints. Since the start of 2023, the loan interest subsidy program has been running to date in 2024. The Pekanbaru City Cooperative and SME Office oversees the loan interest subsidy program and works in conjunction with PT BPR Madani Pekanbaru.

The loan interest subsidy program is being implemented as a handling step to promote the acceleration of economic growth and employment, increase access to productive business costs, boost business competitiveness, and protect, maintain, and enhance business actors' economic capacity to operate their businesses.

Using the five indicators of program effectiveness Program Understanding, On Target, On Time, Achieving Goals, and Real Change the effectiveness of the loan interest subsidy program was evaluated in this study using Sutrisno (2018) theory of program effectiveness measurement.

Interviews with government, private, and community business actors who manage the loan interest subsidy program have revealed that, according to all program effectiveness measurement indicators, the program does not always function smoothly

and in compliance with the relevant laws. The government and private parties who oversee the loan interest subsidy program continue to face difficulties and assessments due to ongoing issues in the area.

The percentage of each indicator measuring the efficacy of the loan interest subsidy program can be found based on the results of informant interviews that were coded (processed) using the Nvivo 12 plus tool. This tool attempts to measure the most complex aspects that occur in the field and finds the following :

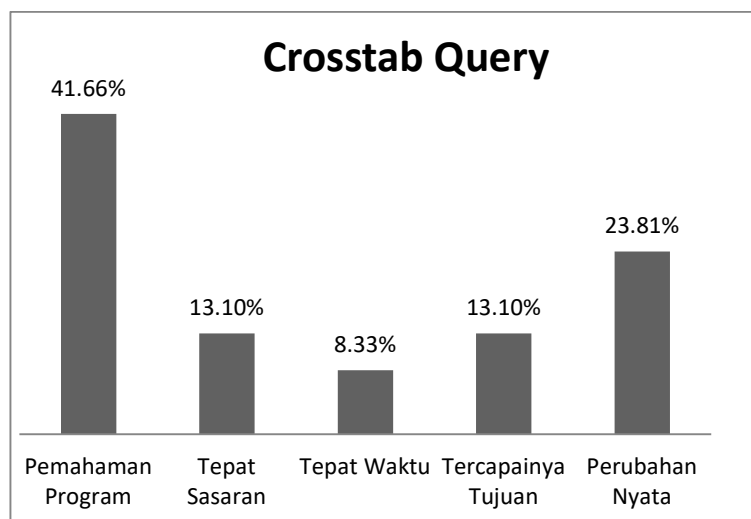


Figure 1.
Crosstab Query of Program Measurement Indicators
Source: Researcher Processed Data, 2024

Figure 1 shows that the percentages for each indicator are rather varied. The high proportion of the "program understanding" component does not imply that it is the best component. However, it indicates that each informant most frequently emphasizes the importance of understanding the program, indicating that this aspect still requires improvement and needs to be addressed.

Using Sutrisno (2018) theory and five indicators Program Understanding, On Target, On Time, Achieving Goals, and Real Change the Pekanbaru City Cooperative Office of Small and Medium Enterprises (UKM) evaluated the loan interest subsidy program's efficacy for micro, small, and medium-sized businesses. The findings are as follows.

Program Understanding

Program understanding is the degree to which a program is understood by the community. The effectiveness of a program can be determined by observing how a community group responds to it. The terms and conditions mechanism to obtain the program is undoubtedly inextricably linked to it. The completion of the application form and integrity pact letter, a photocopy of the identity card (KTP), a photocopy of the family card (KK), a 4x6 photo, a photocopy of the marriage certificate, the Budget Plan (RAB) for the use of funds/loans, a photocopy of collateral, the Motor Vehicle Owner's Book (BPKB), the Certificate of Indemnity (SKGR), or the Certificate of Ownership (SHM) are among the requirements that must be fulfilled by the program targets for the loan interest subsidy program.

Additionally, the following figure illustrates the procedural mechanism used in the loan interest subsidy program's implementation :

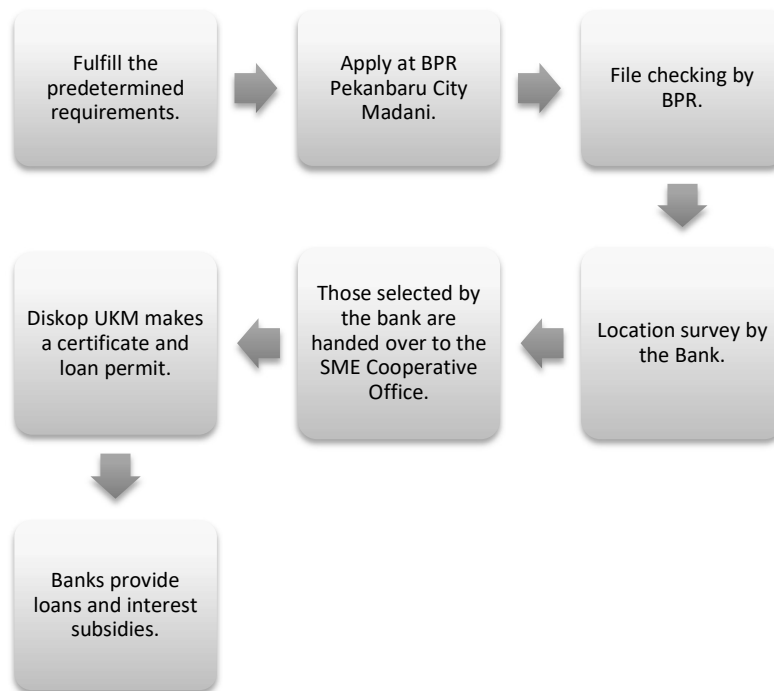


Figure. 2.
Loan Interest Subsidy Disbursement Mechanism
Source: Researcher Processed Data, 2024

Subsequently, Figure 2 shows that the percentage of "understanding the program" is 41.66%. From the informant interviews that were done in the area of program comprehension. In general, the government actors have an understanding of the loan interest subsidy program, according to the informants' perspective on the program understanding indicator. Beginning with the planning of the program and ending with the loan interest subsidy program's execution. Based on field research, the loan interest subsidy program is still not ideal in terms of comprehending it, though, as some business actors continue to protest the penalties for late payments.

Consequently, business actors lack a thorough understanding of the loan interest subsidy when it comes to the program. Because they (business actors) have not been able to handle the effects of the loan interest subsidy program in the real world.

Right on Target

Furthermore, the "right on target" aspect has a percentage of (13.10%). The results of interviews that have been conducted with informants affect the aspects of the right target indicator. From the interviews that have been conducted, it was found that the Government actors, namely the Cooperative and UKM Office of Pekanbaru City, have procedurally provided the loan interest subsidy program on target, namely to Pekanbaru City Business Actors who want to develop their business in accordance with the applicable terms and conditions. But according to the findings of field interviews, the loan interest subsidy program is still not being distributed from the correct perspective, which is off course. This is due to the fact that some business actors continue to modify the Cost Budget Plan (RAB) to reflect actual events. The reason for this is that some business actors still make RAB a prerequisite for applying for the loan interest subsidy program. However, in practice, there are still business actors who create RABs that don't match the real needs.

On Time

Interviews with informants have an effect, as evidenced by the "on time" indicator, which has a percentage of 8.33%. It is evident from the field interview results and the timeliness component that the loan interest subsidy program has been carried out on time; that is, the underlying regulations were made in May 2022 and the initial planning was finished in 2022. Additionally, in December, Regulation of the Mayor of Pekanbaru City Number 104 of 2022 concerning the Provision of Loan Interest Subsidies at PT. Pekanbaru Madani Rural Credit Bank (Perseroda). Additionally, the loan interest subsidy program was finally introduced and put into effect in February 2023. This indicates that the loan interest subsidy program has been operating according to the original plan and on schedule. However, according to the findings of field interviews, the loan interest subsidy program is less effective for business actors who wish to borrow money quickly because it takes a long time and involves a lengthy process to distribute funds.

Achieving Objectives

Additionally, the "goal achievement" indicator has a percentage of 13.10 percent, which is impacted by the findings of informant interviews. The goals of the loan interest subsidy program have been met, according to the goal achievement indicator based on government actor informants. This is corroborated by the type of supervision that is done to prevent issues from arising. Contrary to the viewpoint expressed by the community as business actors, it was discovered that the loan interest subsidy program's goals are still not being implemented effectively in terms of the services it offers and the lack of responsiveness it exhibits. Following the private sector's argument, it was determined that the loan interest subsidy program was unable to fully accomplish its goals because of a number of ongoing issues, including bad credit, which can impede the program's ability to successfully accomplish its goals.

Real Change

The final indicator is the "real change" indicator, which has a percentage of 23.81% and is undoubtedly impacted by the findings of informant interviews. Based on field interviews and factors about actual change, it was discovered that the loan interest subsidy program application process was lengthy and that the service was not responsive. Furthermore, not every business actor can repay the loan money in a short period. Due to the procedure, the loan interest subsidy program has a relatively short repayment period just one year. Business actors find it difficult to repay loan interest from the loan interest subsidy program because of this. The private sector (PT. BPR Madani Pekanbaru) then offers a viewpoint on indicators of actual change, stating that numerous issues remain in the execution of the loan interest subsidy program, including poor credit and numerous requests for loans without collateral (guarantee), even though collateral is one of the requirements that must be fulfilled in compliance with relevant regulations. This indicates that the loan interest subsidy program has not been able to fully bring about changes, particularly for Pekanbaru City's business actors, as there are still a lot of issues that will arise that could impede the program's goals and prevent it from having a significant impact on Pekanbaru City's business actors.

Discussions

Based on the results of the research that has been conducted, it can be concluded that the loan interest subsidy program implemented by the Cooperative and SME Office of Pekanbaru City has not run optimally. This is shown through five indicators of program effectiveness according to theory Sutrisno's (2018), namely program understanding,

targeting accuracy, timeliness, goal achievement, and real change. Each of these indicators shows a gap in implementation in the field, which is an important basis for further discussion with the theory and results of previous research.

First, on the program understanding indicator, it was found that business actors still did not fully understand the mechanism and consequences of the loan interest subsidy program. This can be seen from business actors' objections to late sanctions in loan interest subsidy payments, as well as confusion in completing administrative requirements such as integrity statements and collateral documents. This finding reinforces the opinions of Merdeka.com (2023) and Oyindonesia.com (2021), which state that low bureaucratic and financial literacy is the main obstacle for MSME actors in utilizing government programs. Therefore, the effectiveness of the program is strongly influenced by the level of socialization and assistance provided by the Government to potential program beneficiaries.

Second, the targeting accuracy indicator shows that the loan interest subsidy program is not yet fully appropriate in reaching business actors who need it. There are still Budget Plan Costs (RAB) that do not match the real conditions in the field, indicating data manipulation to pass verification. This condition has the potential to lead to moral hazard and administrative irregularities. As stated by Indrawati (2022), data accuracy and validity of program recipients are the main keys to the success of public programs, so a weak selection process will have a direct impact on the low effectiveness of the program.

Third, on the timeliness indicator, although the program regulation has been established since 2022, the realization process in the field has been quite slow. Based on the results of interviews, business actors complained about the slow disbursement process and the unpreparedness to adjust business needs with the time of fund disbursement. This is in line with the opinion of Bastaman et al., (2020), which states that effective public services must be responsive and able to keep up with the dynamics of community needs, especially the MSME sector, which requires quick access to capital to maintain business continuity.

Fourth, in terms of indicators of goal achievement, this program has not been fully successful in increasing the economic capacity of business actors. The high number of bad credit cases and the low success rate of loan repayment indicate that most business actors have not been able to utilize this program productively. This condition contradicts the objectives of the program as stipulated in Government Regulation No. 43/2020 on PEN, which should be able to strengthen the economic resilience of the micro business sector. According to Nani et al., (2021), the achievement of program objectives must be viewed from the success in addressing the real needs of the community and creating economic sustainability.

Fifth, on the indicator of real change, there has not been a significant impact of this program on the development of recipient businesses. The complicated application process, short repayment period, and mismatch between business capacity and application requirements are the main factors causing the stagnation of change. This finding is in line with the results of CNNIndonesia.com (2023) which states that more than 60% of MSME players still have difficulty getting access to capital by their business capacity. Therefore, to create real change, the interest subsidy program must be redesigned by considering the characteristics of businesses and field conditions more accurately.

Overall, this discussion shows that the effectiveness of the loan interest subsidy program is not only determined by the availability of regulations and budgets, but also depends on the readiness of the bureaucracy, the quality of implementation, and the active participation of business actors. The local government needs to conduct a

thorough evaluation of the program design and implementation, as well as strengthen the supervision and mentoring system so that the maximum benefits of the program can be felt by MSME actors in Pekanbaru City.

Conclusion

The following conclusions can be made in light of the findings of the study and discussion that have already been examined and explained about the Cooperative Office of Small and Medium Enterprises (UKM) of Pekanbaru City's Review of the Effectiveness of the Loan Interest Subsidy Program for Micro, Small, and Medium Enterprises (MSMEs):

Since its implementation in 2023, the loan interest subsidy program administered by PT BPR Pekanbaru Madani and the Pekanbaru City SME Cooperative Office has not been successful. Program understanding, on target, on time, objective achievement, and real change are the five indicators used in Sutrisno (2018) method of measuring program effectiveness, which is used to evaluate this program. The government procedurally understands the loan interest subsidy program, according to the first indicator of program understanding. However, business actors do not fully comprehend the program's provisions, and some people continue to object to the penalties for late payments outlined in the relevant regulations. Second, according to the appropriate target indicator, the government and private sector have implemented loan interest subsidy programs that are on target with the relevant provisions. However, in practice, these programs are not being implemented by the stated program objectives because some business actors use the Budget Plan Cost (RAB) in a way that is not in line with the actual conditions. Third, according to the timely indicator, the loan interest subsidy program has been implemented according to the previously scheduled timeline; however, the distribution of the program is a slow and time-consuming procedure. Fourth, based on the goal-achieving indicator, it was discovered that the loan interest subsidy program has not been able to fully accomplish its goals since issues like weak credit continue to be the most common. Fifth, the final indicator real change has not been able to completely transform the community because it was discovered that issues like poor credit, slow service, inability to repay short-term loans (less than a year), and the fact that many people still request loans without collateral (guarantee) still exist.

The Pekanbaru City Cooperative and UKM Office's loan interest subsidy program can be considered ineffective in its implementation due to these issues, which hinder its ability to function optimally and bring about changes, particularly for Pekanbaru City's business actors.

In line with the objectives of the loan interest subsidy program, it is expected that the Pekanbaru City Government and the private sector can support and continue to nurture business actors in Pekanbaru City effectively and efficiently. The loan interest subsidy program still needs improvement in terms of design, socialization, and implementation mechanisms. Then, the community as business actors are expected to be able to utilize loan interest subsidy funds from the Government with discipline and as well as possible according to their needs.

Acknowledgments

The author expresses gratitude to Mr. M. Rafi, S.IP., M.I.P., for his guidance and input during the composition of this article. Additionally, the author would like to express gratitude to all those who helped write this article, including the government actors who provided information (the Cooperative Office of Small and Medium Enterprises (UKM) of Pekanbaru City), the private actors (PT. Pekanbaru Madani Rural Credit Bank), and the residents of Pekanbaru City (Songket Business Actors and Honey Business Actors)

for their availability for interviews. For this research to proceed smoothly, we would like to thank the authors of books and articles who have published them so that they can serve as references for future articles and help the author finish research on the Review of the Effectiveness of the Loan Interest Subsidy Program for Micro, Small, and Medium Enterprises (MSMEs) by the Cooperative Office of Small and Medium Enterprises (UKM) Pekanbaru City Year 2023. Additionally, we are grateful to Kolaborasi: Journal of Public Administration for giving the author the chance and agreeing to publish this scholarly work so that its readers can profit from it.

Declaration of conflicting interests

The authors declare that there is no conflict of interest involved in this research.

ORCID ID

¹ Gustia Milda <https://orcid.org/0009-0001-1106-5374>

² M. Rafi <https://orcid.org/0000-0003-3775-2014>

References

- Anderson, R. M., Heesterbeek, H., Klinkenberg, D., & Hollingsworth, T. D. (2020). How will country-based mitigation measures influence the course of the COVID-19 epidemic? *The Lancet*, 395, p. 931. [https://doi.org/doi.org/10.1016/S0140-6736\(20\)30567-5](https://doi.org/doi.org/10.1016/S0140-6736(20)30567-5)
- Bastaman, K., Nawawi, A., & Taharudin. (2020). Efektivitas Program Desa Migran Produktif (DESMIGRATIF) pada Dinas Tenaga Kerja dan Transmigrasi Kabupaten Subang. *World of Public Administration Journal (WPAJ)*, 2(2). <http://ejournal.unsub.ac.id/index.php/publik/article/download/928/790>
- Cakaplah.com. (2023). *Muflihun Kembali Diamanahkan sebagai Pj Walikota Pekanbaru*. Cakaplah.Com.
- Cakaplah.com. (2024). *Ratusan Pelaku Usaha Mikro Ajukan Subsidi Bunga Pinjaman Program Prioritas Pj Walikota Pekanbaru*. Cakaplah.Com. https://www.cakaplah.com/berita/baca/108087/2024/03/04/ratusan-pelaku-usaha-mikro-ajukan-subsidi-bunga-pinjaman-program-prioritas-pj-walikota-pekanbaru?utm_source=chatgpt.com#sthash.xLQAM31M.5YVp62Oe.dpbs
- Peraturan Daerah Kota Pekanbaru Nomor 2 Tahun 2018 Tentang Pemberdayaan Usaha Mikro, Kecil dan Menengah (2018).
- Peraturan Wali Kota Pekanbaru Nomor 104 Tahun 2022 Tentang Tata Cara Pemberian Subsidi Bunga pada PT. Bank Perkreditan Rakyat Pekanbaru Madani, (2022).
- CNNIndonesia.com. (2023). *Pengusaha Ungkap 61 Persen UMKM Kesulitan Dapat Pinjaman Modal*.
- diskop.pekanbaru.go.id. (2023). *Subsidi Bunga untuk UMKM Anak Negeri*. Diskop.Pekanbaru.Go.Id. <https://diskop.pekanbaru.go.id/home/berita/post/mnm-subsidi-bunga-untuk-umkm-anak-negeri>
- Hai-Jew, S. (2020). NVivo 12 Plus's New Qualitative Cross-Tab Analysis Function. *C2C Digital Magazine*, 1(10).
- Handayani, T., & Huda, D. N. (2023). Relevansi Kebijakan Fiskal Umar bin Khattab dengan APBN Indonesia 2023. *Jurnal Ilmiah Ekonomi Islam*, 9.
- Undang-Undang Republik Indonesia Nomor 20 Tahun 2008 Tentang Usaha Mikro, Kecil, dan Menengah, (2008).
- Peraturan Pemerintah Republik Indonesia No 43/2020 Tentang Perubahan atas Peraturan Pemerintah No 23/2020 tentang Pelaksanaan Program Pemulihan Ekonomi Nasional, (2020).
- Indrawati, R. (2022). Efektivitas Penyaluran Program Bantuan Sosial Tunai (BST) di

- Masa Pandemi Covid-19 di Kelurahan Kalabbiring Kecamatan Pattalassang Kabupaten Takalar. *Jurnal Administrasi Negara*, 28. http://www.journal.stialanmakassar.ac.id/index.php/jurnal_administrasi_negara/article/download/1673/101
- Infopublik.id. (2023). *200 Pelaku UMKM Sudah Terima Subsidi Bunga Pinjaman*. Infopublik.
- Kjaatik.id. (2024). *Masalah yang Sering Dialami UMKM dan Solusinya*. Kjaatik.Id. <https://kjaatik.id/>
- Merdeka.com. (2023). *4 Permasalahan yang Sering Dihadapi Pelaku UMKM di Daerah Pelosok dan Susah Sinyal*. Merdeka.Com. <https://www.merdeka.com/teknologi/4-permasalahan-yang-sering-dihadapi-pelaku-umkm-di-daerah-pelosok-dan-susah-sinyal.html>
- Muhamad, N. (2023). *Jumlah Usaha Mikro, Kecil, dan Menengah/UMKM di Indonesia Berdasarkan Kelasnya (2021)*. Databoks. Katadata.Co.Id. <https://databoks.katadata.co.id/datapublish/2023/10/13/usaha-mikro-tetap-merajai-umkm-berapa-jumlahnya>.
- Muttaqien, F., Cahyaningati, R., Rizki, V. L., & Abrori, I. (2022). Pembukuan Sederhana bagi UMKM. *Indonesia Berdaya*, 3. <https://ukinstitute.org/journals/ib/article/download/287/210>
- Nani, F. L., Rowa, H., & Martini, A. (2021). Efektivitas Sistem Akuntabilitas Kinerja Instansi Pemerintah di Kabupaten Sumba Timur. *Jurnal Ilmu Pemerintahan Suara Khatulistiwa (JIPSK)*, 6. [http://eprints2.ipdn.ac.id/id/eprint/466/1/Efektifitas Sistem Akuntabilitas Jurnal.pdf](http://eprints2.ipdn.ac.id/id/eprint/466/1/Efektifitas%20Sistem%20Akuntabilitas%20Jurnal.pdf)
- Oyindonesia.com. (2021). *Masalah UMKM dan Solusinya*. Oyindonesia. <https://www.oyindonesia.com/blog/masalah-umkm-dan-solusinya>
- Rahayuni, W., & Rusli, Z. (2021). Efektivitas Program Bantuan Langsung Tunai pada Masa Pandemi Covid-19 di Desa Kampung Baru Kecamatan Gunung Toar. *As-Siyasah Jurnal Ilmu Sosial Dan Ilmu Politik*, 6. <https://ojs.uniska-bjm.ac.id/index.php/Asy/article/view/4630>
- Riaukini.com. (2024). *Pendaftaran Pinjaman UMKM Tanpa Bunga Dibuka*. Riaukini.Com. https://riaukini.com/news/detail/2913/pendaftaran-pinjaman-umkm-tanpa-bunga-dibuka?utm_source=chatgpt.com
- Sudrartono, T., Nugroho, H., Irwanto, Agustini, I. G. A. A., Yudawisastra, H. G., Maknunah, L. U., Amaria, H., Witi, F. L., Nuryanti, & Sudirman, A. (2022). *Kewirausahaan UMKM di Era Digital*. Bandung: Widina Bhakti Persada.
- Sugiyono. (2019). *Metode Penelitian Kuantitatif Kualitatif dan R&D* (Sutopo (ed.)). Anggota Ikatan Penerbit Indonesia (IKAPI).
- Sutrisno, E. (2018). *Budaya Organisasi*. Jakarta: Kencana.
- Syahrizal, H., & Jailan, M. S. (2023). Jenis-Jenis Penelitian dalam Penelitian Kuantitatif dan Kualitatif. *QOSIM: Jurnal Pendidikan, Sosial & Humaniora*, 1. <https://ejournal.yayasanpendidikandzurriyatulquran.id/index.php/qosim/article/view/49/27>
- Thoha, M. (2017). *Perilaku Organisasi Konsep Dasar dan Aplikasinya* (1st ed.). Depok: Rajawali Pers.
- Wekke, I. S. (2019). *Metode Penelitian Sosial*. Yogyakarta: Gawe Buku. https://www.researchgate.net/profile/Ismail-Wekke/publication/344211045_Metode_Penelitian_Sosial/links/5f5c132ea6fdcc11640bd740/Metode-Penelitian-Sosial.pdf#page=42