Analysis of Micro-Credit Refund (Revolving Fund) in the University A Case Study of Student Diploma of Business and Entrepreneurship Gunadarma University

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Abstract

Embedding the entrepreneurial spirit should be done early. Not only the theory but also the practice should be given directly. The aim of this research is to find out the ability of students in refunding a micro credit (revolving fund) that has been revolved to them. The writers use an interview and a questionnaire as the research technique to determine how much the level of the refund and profits in this micro credit (revolving fund). This research shows that students who have already equipped with knowledge theoretically and given training directly in the field are able to carry out the entrepreneurial activities properly so they can refund the credit or the capital for a period of time and get the benefit through a good financial management.

Keywords: Refunds, micro credit, business profits.

1. Introduction

In the world of education there are often found a variety of subjects of lectures related to the faculty and departments that have been taught, so that those materials that have been delivered can be absorbed by the students well and can become provision in the future provided the students have graduated and begin working in an enterprise.

In addition, students are expected not only to be an employee by seeking employment but also are able to create business units that are beneficial for the community so that they can open up a new jobs and are able to absorb labors who belong to lower-middle class society in order to reduce the number of unemployment in Indonesia.

Therefore when training programs of MSME development are successful and get much the interest in the young generations that are capable of opening businesses, then such country can be categorised the well-established country like other countries such as those over Asia region; there are Malaysia and Singapore on which the level of entrepreneurial spirit is much higher compared to Indonesia.

The level of entrepreneurial spirit can be seen from some perspectives economically as well as human resources. This can be reflected from the percentage of the number of entrepreneurs in Malaysia, Singapore and China i.e 3%, 7.2% and 10%, while in Indonesia the percentage is only 1.56%. This shows that Indonesia has relatively low adoption. Yet according to David McClelland, US sociologist a country will thrive when the number of its entrepreneurs runs at least at 2% of the population.

To become well-established country there must be sufficient breakthrough to increase the number of entrepreneurs to reach at a predetermined standard. One of the breakthroughs that can drive the economy in Indonesia is the ability to create jobs in fields such as entrepreneurship by
establishing small and medium enterprises (SMEs) as early as possible i.e. to provide entrepreneurial training at the college level, because the small and medium enterprises (SMEs) is one of the economic driver in the country. Having such breakthrough run in accordance with adequate system, Indonesia is certainly capable of improving the economy within. In addition, one of the business form that can be applied towards moving the economy in Indonesia onward is by providing entrepreneurship courses at universities with the aim at creating sturdy young entrepreneurs by making modest-scale businesses at which students learn to run with prudent-financial management. Running business needs financial management for both small and medium enterprises (SME) as well as businesses that have gone public, because financial management is very important for the organization of all kind, no matter whether it is profit or non-profit organization, whereas such management plays the role of the driver of the company in making effort to achieve goals. By managing sound financial management, the company runs well; on the other hand, when such finance is not properly managed then the company may not be able to run well.

Small and medium enterprises (SMEs) have a very important role in improving the economy of a country. According to Syahroza (2007) such important role have prompted many countries, including Indonesia, to continue to make efforts to develop small and medium enterprises (SMEs). Meanwhile, according to Darmaredjo, SMEs have a considerably big role in expanding employment, contributing significantly economic growth and spreading increased revenues over the country. Berry, et al (2001) explains as well, that there are three reasons for developing countries looking at the importance of SMEs, namely (1) SME performance tends to generate productive employment better, (2) As part of its dynamics, SMEs often reach increasing productivity through investment and technological change. (3) It is often believed that SMEs have the advantage of flexibility compared to big enterprises.

Thus to improve the Small and Medium Enterprises the earlier is to provide training to students by running a revolving fund micro-credit program as what banking used to provide. Currently the micro-credit is only given to small and medium enterprises to run business. Revolving fund micro credit is financing program which is provided to students to run a business. This activity aims at student’s capability of assessing level of entrepreneurial spirit running the business and at scrutinizing the student’s capability of managing their finances by looking at the indication whether they are able to perform the loan and make a profit. The system of revolving fund micro-credit activities in college can be described as follows:
By using the above-mentioned system it is expected that this program help improving the entrepreneurial spirit in college students to become entrepreneurs. It also measures the level of the refund rate of the loan that has been given to students whether the funds can be returned in accordance with the provisions that have been specified.

**Nomenclature**

A concentration of Economics  
B intensity of Entrepreneurship
2. Material and Methods

2.1. Data source

The data that is used in this research is secondary data taken from the financial statements of the microcredit fund payback period of 2013 and 2014 in diploma three Gunadarma university business and entrepreneurship.

2.2. Research object

Objects that are used for this research are students of Diploma Three of Business and Entrepreneurship of University of Gunadarma period of 2013 and 2014.

2.3. Study design

This study is to analyze the level of refund micro credit (revolving fund) for diploma students of three universities Gunadarma business and entrepreneurship training in micro-credit programs in college. This program consists of 55 and 58 groups and each group consists of 3 to 4 students.

2.4. Research methods

This research method uses descriptive method by both interview techniques and using secondary data to determine how much the payback loan and or capital and profits are in revolving fund micro-credit activities in college.

3. Result and discussion

3.1. Theoretical basis

3.1.1. Mikro kredit

There are many people who try to define micro-credit. Here are some of them. Grameen Banking (2003) defines microcredit as the expansion of small loans to entrepreneurs who have been considered low qualifications to be able to access credit from traditional banks. Calmeadow (1999) defines microcredit as a social cooperation of collateral funding to support small entrepreneurs running business, generally with the alternative collateral and monitoring system of the fund return. In fact, micro-credit has proved to be effective and popular dalamupaya aim at overcoming poverty (Grameen Banking, 2003). Although initially micro-credit was conducted as a breakthrough for the financial services to low level-income society who do not have the access to modern financial system. During its development, the concept of micro-finance has expanded not only as one of the alternative sources of financing small businesses, but further more, it is assumed to be the approach-in economic development (Sabirin, 2001)

Recently, micro credit which are distributed to small and medium businesses conducted by the bank, but there are also loans provided by the government. In the country, there are micro-credit models including models which are developed by government and non-government organizations. From government side, there are Small Business Loan (KUK), Family Business Loan (Kukresa), County Unit for Entrepreunership Affair (BUUD), the Under-district Credit Agency (BKK), Farmer Business Loan (KUT), and the Social Security Net Programme of Regional Empowerment for the Anticipation of Economic Crisis (JPS-PDMDKE). In addition,
there are also non-governmental microcredit launched in the community i.e banking-like cooperation.

Lending loans to the debtor, a bank must possess a good system. Systems that have been implemented by the bank in carrying out micro-credit must have any of the following: elements, goals and objectives of the loan. Having the elements and objectives, expected microcredit is expected to be concretely implemented in accordance with the goals and objectives of lending activities. The objectives of bank credit activities are: 1) to maintain the security, i.e. a bank should get back the economic added-value after a certain period of time in accordance with the agreement. 2) to direct the usage, i.e the loan is used by the debtor at earnest suited to company planning to increase business performance and proved to the credit object. 3) to yield the outcome, that is provide surpluses to the bank, debtor and monetary authorities, so that it may cause backward and forward linkage to wide communities. That way, bank should also establish a system to be able to channel credits to the targets in accordance with the process that has been set.

3.1.2. Financial Statements

In running a business, financial report is a very important thing, because with the good financial management, the company may run business smoothly and become more focused. A business or businesses need good cash flow cycle for running its business. That financial statement alone is a form of accountability report to the business owner to determine the financial position of a business whether a business experiences progress field of finance. Financial statements themselves usually consist of cash flows, balance sheets, profit and loss and capital changes, where each report has different functions and purposes. Thus the better the statements are reported, the stronger the business fundamentals are. Coming up next will be further explanation about the financial statements that are very important for the students to understand.

To analyze the performance of micro-credit students should use the financial statements and financial ratios such as profitability rentability ratios. These ratios are used to analyze the company's ability to gain profits. The followings are some of profitability ratios, among others are gross profit margin, net profit margin, return on investment (ROI) and return on equity (ROE). Analysis of these ratios are often used to assess a newly company established by assessing the profits gain aspect.

3.2. Discussion

Based on the analysis conducted by interview with some students and secondary data that have been analyzed, among others, are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>N</th>
<th>Total Fund Paid Back</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>55</td>
<td>IDR 402.000</td>
</tr>
<tr>
<td>2014</td>
<td>58</td>
<td>IDR 504.000</td>
</tr>
</tbody>
</table>

Source: Report of Revolving Fund Microcredit

It is shown from the table that that the number of students who participated in the revolving fund micro credit in 2013 are as many as 55 groups, whereas in 2014 the students who participated in the revolving fund micro credit are 58 groups. Besides, the amount that had been
distributed between 2013 to 2014 increased i.e Rp. 400,000, - and Rp. 500,000, -. And thus there was no micro-credit activities that had been carried out by students at the University Gunadarma run in accordance with the standard operating procedures that have been specified.

As shown on the diagram above, an increase in the amount of funds has been rolled out to the students of the year 2013 amounting to Rp. 23,316 million, - and of the year 2014 amounting to Rp. 29,232 million, - therefore, the difference is as much as Rp.5,916,00, -. Thus, the activities of revolving fund micro credit from 2013 to 2014 has increased.

![Diagram Paid Back Fund Rate](image1)

**Figure 2. Diagram Paid Back Fund Rate**

As shown on the Diagram, the the average rates of profit in the activities of revolving fund micro credit of the students at the University Gunadarma from 2013 is to Rp. 829,324, while in 2014 is amounted to Rp. 776,697. Thus the activities of revolving fund micro credit the profit average from 2013 and 2014 has decreased, as much as of Rp. 52,627 in the difference.

![Diagram Profit Rates](image2)

**Figure 3. Diagram Profit Rates**
3.3. Result

In this study there were 55 and 58 groups in the program activities of micro credit (revolving fund) in 2013 and 2014. The analysts of the results showed that there was an increase in the amount of the refund where from 23.316 million to 29.232 million and there are no bad credit or not No group has not mengembaliakan funds. This shows that by using a system of micro-credit programs (revolving fund) for the three diploma students of business and entrepreneurship at the University Gunadarma managed properly so as to increase the entrepreneurial spi.

4. Conclusion

Based on the results obtained from the research analysis of micro credit financial statements that have been observed and studied, having been analysed, it is concluded that the activities of revolving fund micro-credit with the a system that has been specified by the standard operational procedures, is assumed run well, on which the data is shown that the number of groups that joined the program from 2013 and 2014 have increased. Additionally the pay backs of fund that have been rolled out are considered successful in accordance with which have been set, and joining the program of the micro-credit activities, each group was able to gain profits, even though the profits are not high enough.

5. Acknowledgements

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6. References

