

STRATEGIES TO INCREASE FINANCIAL ACCESS FOR SMALL MEDIUM ENTERPRISES CASE STUDY: TRISAKTI VEGETABLE TRADING BUSINESS

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ABSTRACT

MSMEs have a strategic role in supporting Indonesia's economic growth, but often face major challenges, including limited access to capital. This study aims to analyze capital challenges and formulate strategies to improve access to capital for UD Sayur Trisakti, an MSMEs operating in the agribusiness sector. Using a qualitative descriptive approach and SWOT analysis, this study found that limited capital, fluctuations in raw material prices, and dependence on local suppliers are the main obstacles. As a solution, it is recommended to utilize financing programs such as People's Business Credit (KUR), financial literacy training, and the use of digital technology such as crowdfunding. The results of this study are expected to be a practical reference for other MSMEs and for policy makers in designing more effective support for the MSMEs sector.

Keywords: MSMEs, access to capital, SWOT analysis, development strategy.

A. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are one of the strategic sectors that play an important role in supporting Indonesia's economic growth. MSMEs are recognized as the backbone of the national economy due to their large number and contribution to Gross Domestic Product (GDP). Based on Law Number 20 of 2008, MSMEs are productive businesses owned by individuals or business entities, with certain criteria such as asset value and annual turnover. This classification facilitates the determination of policies and interventions that can be implemented to support their development. Statistically, MSMEs in Indonesia have reached 64.2 million business units which contribute 61.07% to national GDP and absorb 97% of the workforce in Indonesia (Rofiqoh et al., 2023). This shows the strategic role of MSMEs in creating jobs, increasing people's income, and supporting local to national economic stability (Girikallo et al., 2023).

However, despite their significant contribution, MSMEs in Indonesia still face various major challenges that can hinder their growth and sustainability. One of the main problems faced by MSMEs is limited access to capital. This obstacle is often caused by complex administrative requirements, the difficulty of meeting the criteria set by financial institutions, and low financial literacy among MSME actors. In addition, many MSME actors do not yet fully understand the alternative financing sources available. Fluctuations in raw material prices, limited production capacity, and dependence on local supplies are also other significant obstacles (Kristiana et al., 2022). These obstacles, if not addressed immediately, have the potential to disrupt business sustainability and reduce the competitiveness of MSMEs in an increasingly competitive market.

One concrete example of an MSME facing these challenges is UD Sayur Trisakti, a small business operating in the Lau Cih Main Market, Medan Tuntungan. Since its establishment in 2021,

UD Sayur Trisakti has played an important role in supporting the local food supply chain, especially in distributing agricultural products from the Tigapanah area, Tanah Karo, to Medan and its surrounding areas. Through its activities, UD Sayur Trisakti not only helps local farmers to market their agricultural products but also meets the food needs of urban communities. However, in its development, this business faces major challenges, especially in terms of adequate capital. Limited capital not only hampers daily operational management but also reduces the business's ability to innovate and expand on a large scale.

In addition to capital, other challenges include fluctuations in raw material prices that often affect the financial stability of the business, limited production capacity to meet increasing demand, and dependence on local supply chains that are vulnerable to disruption. These conditions increase the risk of operational instability, which ultimately affects business competitiveness. In fact, with better access to capital and a targeted strategy, UD Sayur Trisakti has great potential to expand its distribution network, increase its business scale, and contribute more to local economic growth (Kristiana et al., 2022).

Seeing these challenges, strategic steps are needed that can help MSMEs, especially UD Sayur Trisakti, in overcoming capital constraints. This study aims to comprehensively identify the obstacles faced by MSMEs related to capital and formulate implementable solutions. It is hoped that the results of this study will not only provide practical benefits for MSME actors, but can also be a reference for stakeholders in formulating policies that support the sustainability of the MSME sector. This study seeks to provide a real contribution in strengthening the competitiveness of MSMEs amidst the dynamics of the global economy.

B. RESEARCH METHODS

This study uses a qualitative descriptive method to describe the challenges faced by MSMEs in accessing capital and formulating appropriate strategies for their development. This method was chosen because it is able to provide an in-depth understanding of the problems experienced by UD Sayur Trisakti, especially in terms of capital management and access. The research data sources consist of secondary data obtained from journal articles, books, and other relevant publications. The literature used includes studies on the role of MSMEs in the economy, challenges in accessing capital, and small business development strategies. Data collection techniques are carried out through literature reviews. Literature reviews are used to analyze information from relevant scientific articles and books to provide a theoretical basis and research context. The research procedure begins by identifying the main problems faced by UD Sayur Trisakti in terms of capital. Furthermore, data analysis is carried out using the SWOT approach to raise the strengths, weaknesses, opportunities, and threats faced by the business. Based on the results of the analysis, strategic recommendations are formulated to help improve access to capital. Data analysis is carried out descriptively, by comparing findings in the field with literature reviews to obtain a broader and deeper perspective.

C. DATA ANALYSIS AND DISCUSSION

Strengths

Product Quality

The products produced by ud sayur trisakti are known to be fresh and of high quality because they are obtained directly from local farmers. Direct involvement with farmers also ensures an efficient and consistent supply process, an advantage that strengthens customer trust (rahmi, 2021).

Strong Distribution

Network ud sayur trisakti has close relationships with farmers in the tigapanah area, allowing them to secure daily supplies according to market needs. This approach is similar to maharani embroidery handicraft, which maintains long-term relationships with suppliers to ensure business sustainability (deka et al., 2024).

Commitment To Price And Quality

Focusing On Balancing Price And Quality Shows Dedication To Customer Needs. This Is Also One Of The Main Strategies In Maintaining Customer Loyalty, As Expressed By Rahman Et Al. (2023) Regarding The Importance Of Maintaining Market Trust Through Good Relationship Management With Customers.

Weaknesses

Dependence on Local Supply Sources

Dependence on local suppliers is a significant weakness. If there is a disruption in supply (for example due to bad weather), UD Sayur Trisakti's ability to meet market demand can be affected. Therefore, diversification of supply sources needs to be carried out (Rahman et al., 2023)

Limited Capital

Relying on personal capital is often an obstacle in larger production scales, especially when there are price fluctuations. This problem is in line with the findings of cassava chip MSME actors who face similar limitations in capital management (Ghazalah et al., 2023)

Limited Production Capacity

As a micro-enterprise, UD Sayur Trisakti is only able to produce in limited quantities. This is exacerbated by the dependence on manual labor which makes it difficult to increase the scale of distribution. Reliance on traditional methods hinders efficiency, as experienced by UMKM Maharani Embroidery which faces obstacles in fulfilling large orders opportunities

Healthy living trends

Increasing public awareness of the importance of consuming healthy foods provides a great opportunity for ud sayur trisakti. Their fresh products can meet the demands of urban consumers looking for organic and high-quality food ingredients.

Utilization Of Digital Technology

Digitalization opens up opportunities to expand the market through e-commerce and social media platforms. Maharani embroidery handicraft has succeeded in increasing sales in this way, Proving That Digital Marketing Can Expand Market Reach At A Low Cost.

Partnership With Culinary Businesses

Medan City Has A Rapidly Growing Culinary Industry. Establishing Partnerships With Restaurants And Catering Businesses Can Be An Opportunity To Increase Sales Consistently. This Approach Is In Line With Sianturi's Strategy (2020) Which Emphasizes The Importance Of Collaboration In The Supply Chain To Expand Market Share.

Expansion To Other Regions

By Using Expedition Services, Ud Sayur Trisakti Can Expand Its Market Outside Medan, Such As Aceh. This Expansion Has The Potential To Open Up New, Wider Markets And Support Business Growth. Threat Intense Market Competition The large number of businesses in Lau Cih Main Market creates a highly competitive environment. Product innovation and differentiation are key to surviving in these conditions.

Market Price Fluctuations

Unstable vegetable prices, especially during certain seasons, can cause financial losses. Mitigation strategies such as production cost control and product diversification are important to maintain sustainability.

Government Policy

The policy of importing cheap vegetables from abroad can suppress local market prices and harm producers. This forces MSMEs such as UD Sayur Trisakti to compete with uncompetitive prices, as also experienced by other MSMEs in the agribusiness sector.

Capital Challenges at UD Sayur Trisakti

Capital is one of the important elements in the sustainability and development of micro, small, and medium enterprises (MSMEs). In the context of UD Sayur Trisakti, capital challenges are a major issue that affects its operational efficiency and capacity. As a trading business operating in Lau Cih Main Market, UD Sayur Trisakti relies on limited internal capital to support its business activities, such as purchasing raw material stocks and distributing products to consumers. However, the reliance on private capital sources becomes a significant obstacle when the business faces the need to scale up. One of the main reasons for MSMEs' low access to formal financial institutions is the lack of standardized financial administration documents. Many small businesses have difficulty in meeting banking requirements for capital loans due to simple or inadequate financial records (Khairunnisa et al., 2022). In addition, a lack of understanding of capital diversification strategies exacerbates the situation, making it difficult for them to access financing programs such as Kredit Usaha Rakyat (KUR).

Another challenge is the fluctuating price of raw materials, which is often out of balance with business income. Under certain conditions, increases in the price of raw materials such as vegetables have a direct impact on working capital, which in turn limits the ability of businesses to keep large amounts of stock. This situation is exacerbated by the low risk management skills of small businesses (Nurhidayah et al., 2024). On the other hand, limited digital infrastructure is also an obstacle. The lack of utilization of digital platforms for fundraising, such as crowdfunding, closes off alternative opportunities to access capital in a more modern and flexible way. In fact, with the trend of digitalization in the MSME sector, businesses can take advantage of technology to expand their consumer base and attract the attention of potential investors (Nurhidayah et al., 2024).

From an external perspective, capital challenges are also influenced by the low level of financial literacy among MSME actors. Limited financial literacy not only hinders financial management, but also reduces the confidence of businesses to seek access to formal financial institutions (Khairunnisa et al., 2022). Overall, the capital challenges faced by UD Sayur Trisakti are a reflection of the complexity of the problems faced by MSMEs in Indonesia. To overcome these challenges, interventions are needed that include improving financial literacy, access to digital-based financial services, and mentoring support from the government and related institutions.

Strategies to Address MSME Capital Challenges

Addressing the capital challenges faced by MSMEs requires strategic solutions that encompass a variety of approaches to ensure business sustainability while improving competitiveness. One key step is to take advantage of government financing programs, such as Kredit Usaha Rakyat (KUR). This program is designed to provide access to financing with low interest rates and simpler requirements than conventional bank loans, making it an ideal option for MSMEs that have limited personal capital. The implementation of programs such as KUR has proven effective in helping businesses overcome capital constraints, provided they meet the set criteria, including adequate financial records (Syarif, 2020).

However, the success of MSMEs in accessing financing programs is also highly dependent on the financial literacy of business actors. Many MSMEs still face challenges in preparing financial reports or managing their business administration. Therefore, financial literacy and administrative management training is an urgent need. This capacity building will help MSMEs understand the importance of organized record keeping, which not only supports loan applications but also creates trust from financial institutions (Handini et al., 2019).

Digital technology also plays an important role in helping MSMEs overcome capital constraints. One relevant strategy is to utilize crowdfunding platforms as a financing alternative. Crowdfunding not only helps MSMEs access capital without strict requirements but also increases the visibility of their products or services to a wide audience. This digital technology is an innovative solution for MSMEs that face difficulties in accessing traditional loans (Rahmadani, 2021).

In addition, digitization training is also an important strategy in improving the ability of MSME players to manage finances and marketing. Socialization through digital platforms and webinars has

been shown to improve MSMEs' understanding of business management, especially during the COVID-19 pandemic. This includes utilizing social media for promotion, using financial apps for record-keeping, and accessing e-commerce platforms to expand market reach. Through this kind of training, MSMEs can become more accustomed to using technology as a tool to support business sustainability (Mulyana et al., 2021).

Cooperation with cooperatives and microfinance institutions also needs to be optimized. Cooperatives often offer loans with easier-to-meet terms, along with mentoring programs to improve the business capacity of MSMEs. In addition, local governments can play a strategic role by providing special programs such as training, business grants, and market access facilitation to support MSMEs more effectively. (Fristya et al., 2024)

By implementing this strategy in a planned and consistent manner, MSMEs are expected to be able to overcome various capital constraints that have been the main obstacles. With adequate capital and sustainable support, MSMEs can expand their business scale, improve operational efficiency, and contribute more to national economic growth. In the long run, these measures will also encourage the creation of more resilient and innovative MSMEs in the midst of increasingly competitive market competition.

Islamic financing institutions as alternative capital

Financing from Islamic microfinance institutions plays a key role in strengthening Micro, Small and Medium Enterprises (MSMEs) in Indonesia. With sharia-based approaches such as musyarakah (partnership), mudharabah (profit sharing), and murabahah (sale and purchase with a profit margin), these institutions offer a more friendly financing alternative for MSMEs that are often hindered by conventional credit requirements such as high collateral (Amalia, 2016). This model not only eases the initial burden on businesses but also encourages active participation in sustainable business management. (Arifin & Utomo, 2022)

In the context of entrepreneurship, financial literacy is essential for MSMEs to utilize this financing effectively. This literacy includes understanding financial management, recording cash flows, and preparing good financial statements. According to Anwar et al. (2023), businesses with these skills will find it easier to access Islamic financing products, strengthen their financial position, and increase their competitiveness in the market. Moreover, the utilization of technology in financial management further opens up opportunities for MSMEs to expand their business scope. (Arifin, 2020)

However, major challenges are still faced by MSMEs in accessing this financing. Santoso (2020) notes that the low level of financial literacy and lack of organized financial records are the main obstacles. This results in many MSMEs struggling to meet the administrative requirements set by financial institutions. Therefore, financial education and assistance are key solutions that must be strengthened by various parties, including the government and financial institutions.

Collaboration between financial institutions, government, and MSME players is needed to create an inclusive and sustainable financing ecosystem. With this integrated approach, it is expected that MSMEs will be able to access Islamic financing more widely, manage their finances well, and contribute significantly to national economic growth.

CONCLUSION

MSMEs in Indonesia play a strategic role in supporting the national economy through their contribution to GDP, job creation, and driving local economies. However, this sector still faces significant challenges, especially in terms of access to adequate capital. The case study of UD Sayur Trisakti as an MSME in the agribusiness sector highlights several key constraints, including limited capital, fluctuations in raw material prices, dependence on local suppliers, and limited production capacity. These constraints not only reduce operational efficiency but also limit the ability of businesses to innovate, adapt to market changes, and expand. To overcome these challenges, the study suggests several strategies that can be implemented. First, take advantage of financing

programs provided by the government such as the People's Business Credit (KUR), which offers lighter requirements and low interest rates. Second, improve the financial literacy of MSME actors through training that focuses on managing financial administration, recording cash flow, and preparing financial reports according to standards. This step will help business actors access formal financing more easily and improve their capital management.

In addition, diversifying supply sources is a solution to reduce dependence on local suppliers who are vulnerable to disruptions, such as weather fluctuations. The use of digital technology, such as crowdfunding platforms, social media marketing, and e-commerce, also provides great opportunities for MSMEs to raise funds, expand market reach, and increase the visibility of their products. Digitalization of operational processes can also increase the efficiency and competitiveness of MSMEs in an era that increasingly prioritizes technology.

The government and other stakeholders also have an important role in supporting MSMEs through training, facilitating market access, and strengthening supporting infrastructure such as cooperatives and sharia-based microfinance institutions. Collaboration between various parties, including the government, financial institutions, and MSME players, is needed to create an inclusive, sustainable, and competitive business ecosystem in an increasingly competitive market. With the implementation of this comprehensive strategy, UD Sayur Trisakti and other MSMEs have great potential to overcome the obstacles faced, increase operational efficiency and capacity, and contribute more to local and national economic growth. The success of MSMEs in facing these challenges will also be an important foundation for more equitable and sustainable economic development in Indonesia.

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