

## Analysis of SMEs Empowerment in Bangka Belitung Islands Province in 2023

Lintri Febriyani <sup>1,\*</sup>, , Binar Kukuh Leksono <sup>1</sup>, , Ahmad Zulfikar <sup>1</sup>, , and Juang Putra <sup>2</sup>, 

<sup>1</sup> Directorate General of Treasury Representative Office of Bangka Belitung Islands Province, Ministry of Finance of the Republic of Indonesia

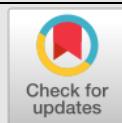
<sup>2</sup> Master of Management, Faculty of Economics, Universitas Bangka Belitung, Bangka, Bangka Belitung Islands Province, 331725, Indonesia

\* Correspondence: [lintri@kemenkeu.go.id](mailto:lintri@kemenkeu.go.id)

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### ABSTRACT

The Small and Medium-sized Enterprises (SMEs) sector is one of the backbones of the Indonesian economy, but it still faces various obstacles. The government aims to support SMEs through allocated funds. In the 2022 State Budget, Bangka Belitung Islands Province received an allocation of IDR 13.47 billion for the Economic Recovery cluster. Additionally, the Local Budget allocation of IDR 8.19 billion was divided into two programs: SMEs Empowerment (IDR 6.5 billion) and SMEs Development (IDR 1.69 billion). Among the SMEs, the largest sectors are Agriculture, Forestry, and Fisheries. However, SMEs in Bangka Belitung Islands Province have not fully optimized financing facilities, with only IDR 6 trillion accessed from the total credit ceiling of IDR 14.3 trillion offered by commercial banks. The proportion of People's Business Credit/Ultra Micro Debtors to Bangka Belitung Islands Province SMEs is only 21.68 percent. Focused Group Discussions (FGDs) and surveys were conducted involving 42 SME actors to research the situation in Bangka Belitung Islands Province. The survey results highlighted that the availability of capital and limited access to marketing are the most significant obstacles for SMEs in the area. Furthermore, other challenges include inadequate technology/machinery, qualified human resources, training opportunities from relevant parties, and difficulties in obtaining raw materials. The survey also revealed that SME actors expect training in technical guidance and offline course classes, moving away from mere socialization methods.

**Keywords:** Bangka Belitung Islands Province; Financing Facilities; Market Access; SMEs Empowerment; Small and Medium-sized Enterprises (SMEs)

## 1. Introduction

Indonesia's economic growth showed encouraging developments in the fourth quarter of 2022. In the final year of the COVID-19 pandemic, coupled with geopolitical tensions between Russia and Ukraine, the Indonesian economy was able to achieve a positive growth rate of 5.01 percent year on year, growing by 5.31 percent higher than the achievement in 2021, which only grew by 3.70 percent. The increase in Indonesia's economic growth since the slump in 2020 due to the COVID-19 pandemic, which reached minus 2.07 percent, continues to increase from year to year.

This shows that the business world has responded well to government policies. Of course, the response fosters optimism for the government and the entire community that the economy will improve. Nevertheless, the government must not let its guard down. The government needs to continue striving to improve the performance of sectors that have proven to contribute to the economy positively.

One of the supporting sectors and backbones of the national economy is SMEs. Based on data from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia, the number of SMEs in Indonesia reaches more than 64 million business actors. More than 63 million micro-scale enterprises dominate it. The existence of SMEs also contributes to GDP by 60.51 percent. SMEs managed to absorb 96.92 percent of the workforce ([Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 2023](#)).

However, the existence of SMEs still experiences many obstacles. Based on data from the Ministry of Cooperatives and SMEs (2021), 51.09 percent are constrained by access to financing and capital; 34.72 percent are constrained by market access, marketing, and promotion of SMEs products; 8.59 percent are constrained by access to raw materials/production equipment, and 5.24 percent face other constraints. With this contribution, the government needs to pay more attention to the SME sector to minimize the obstacles. Through various programs such as People's Business Credit interest subsidies, National Economic Recovery Program, and Productive Presidential Aid for Micro Enterprises, the government is given to help overcome SMEs' obstacles, especially in dealing with the COVID-19 pandemic.

Also, the Ministry of Finance has various empowerment programs for SME actors. The Business Development Services, Ease of Import for Small and Medium Industry Export Destinations, auction boom, People's Business Credit, and Ultra Micro-financing programs are the flagship programs of the Ministry of Finance in empowering SMEs. The Ministry of Finance, through the Directorate General Taxes Regional Office as the chief economist in the regions, is expected to be able to contribute programs and thoughts in improving the regional economy, especially the empowerment of SMEs. Unfortunately, the DGT Regional Office's role is still limited to monitoring program credit evaluation. It has not touched directly on increasing the empowerment of SMEs in each of its work areas.

For this reason, to determine the right SME empowerment program, it is necessary first to analyze the constraints and problems SME actors face. This analysis report seeks to describe the characteristics and constraints of SMEs in the Bangka Belitung Islands Province so that appropriate recommendations can be formulated for stakeholders. Based on the background description above, the formulation of the problem in this SMEs empowerment analysis report

is: What are the characteristics and constraints of SMEs in developing businesses in the Bangka Belitung Islands Province?

Referring to the background and problems that have been revealed, the objectives of preparing the SMEs empowerment analysis research of Bangka Belitung Islands Province are: 1) Describe the form of government programs and support in strengthening SMEs, 2) describe the characteristics and constraints of SMEs in the Bangka Belitung Islands Province, 3) contribute to the DGT organization related to recommendations for strengthening SMEs in the regions, especially the Bangka Belitung Islands Province."

## 2. Literature Review

[Hu et al. \(2015\)](#); [Almanei et al. \(2017\)](#); [Yadav et al. \(2019\)](#); and [Knol et al. \(2018\)](#) note that SMEs should integrate organizational factors such as employee empowerment, increased operational performance, improved operating efficiency, and the development of a supportive strategy. Although SMEs are adopting sustainable solutions and believe that their efforts are paying off, they also indicate that the lack of guidance from the government has prevented them from improving the scope of their sustainability programs ([Lamoureux et al., 2019](#)).

## 3. Research Methodology

This SMEs empowerment analysis report is prepared using a qualitative approach. The qualitative approach is a process to understand human or social phenomena by creating a comprehensive and complex picture, which can be presented in words, reporting detailed views obtained from informant sources, and being carried out in a natural setting ([Walidin et al., 2015](#)). It involves in-depth and case-oriented studies, exploring several cases, or single cases (Chariri, 2009).

Data collection techniques are conducted through discussions with SME actors, the Cooperative and SME Office of Bangka Belitung Islands Province, Financial Services Authority Regional Office 7 Southern Sumatra, and the internal Ministry of Finance. Additionally, data and information are collected by utilizing various media, such as journals and websites, as well as other written materials to support and form the basis for preparing this report.

The data analysis technique uses the data analysis model of [Miles & Huberman \(1994\)](#), conducting three stages of analysis. First, reduce data by summarizing, choosing the main points, focusing on important aspects, and identifying patterns and themes. Second, presenting the data in the form of brief descriptions and charts. Third, drawing conclusions and verifying the findings presented to answer the problem.

## 4. Results

### 4.1. Characteristics of SMEs in Bangka Belitung Islands Province

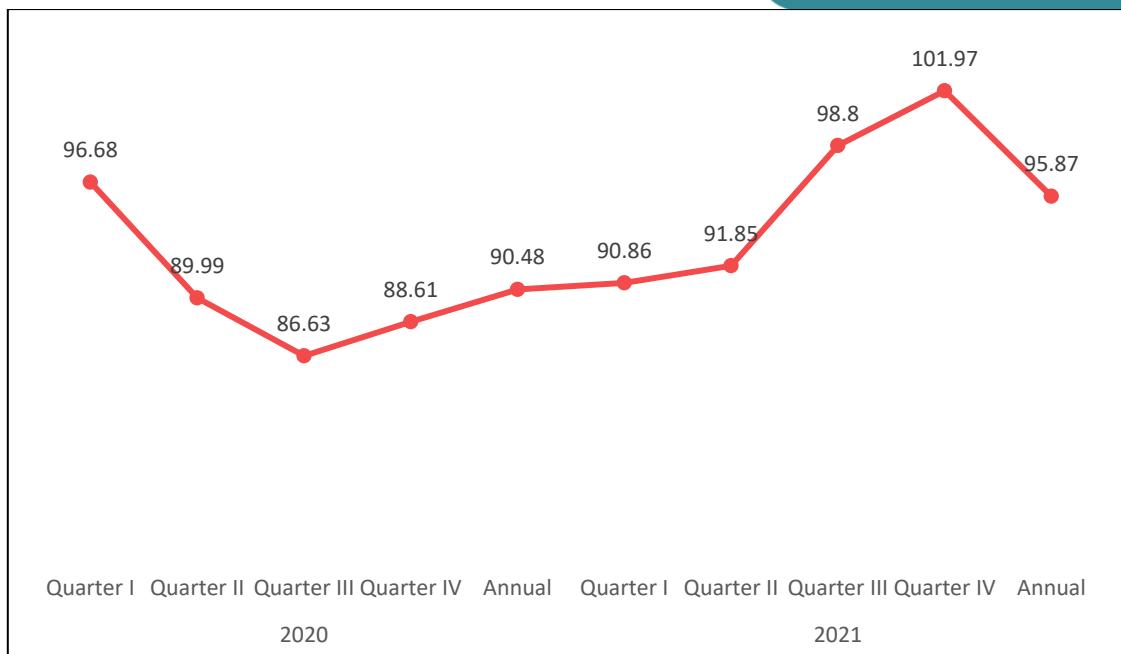
SMEs dominate the business landscape in Bangka Belitung Islands Province. According to data from the Cooperatives, Small, and Medium Enterprises Office of Bangka Belitung Islands Province, in 2022, there are 189,971 SMEs in Bangka Belitung Islands Province. Similar to the distribution of business scale at the national level, micro-enterprises in Bangka Belitung Islands Province are also the largest, comprising a total of 186,101 businesses or 97.96 percent. Of 189,971 SMEs, 124,340 have been identified and are divided into 17 business sectors, as shown in [Table 1](#).

Table 1. Number of SMEs in Bangka Belitung by Business Sector as of 2021

No.	Business Sector	Number of SMEs			
		2018	2019	2020	2021
1	Agriculture, Forestry, and Fisheries	40,352	41,523	43,255	51,525
2	Mining and Quarrying	941	943	953	1,056
3	Processing Industry	8,633	8,969	12,306	12,626
4	Procurement of Electricity, Gas	24	25	29	27
5	Water Procurement, Waste Management, Waste, and Recycling	168	238	300	339
6	Construction	413	449	594	782
7	Wholesale and Retail Trade, Car Repair, and Motorcycles	22,528	22,802	32,466	36,687
8	Transportation and Warehousing	733	724	811	844
9	Provision of Accommodation and Food & Drink	4,894	4,794	8,318	9,209
10	Information and Communication	459	465	746	823
11	Financial Services and Insurance	170	172	176	202
12	Real Estate	856	864	869	917
13	Company Services	421	421	428	446
14	Government Administration, Defense, and Compulsory Social Security	-	1	2	9
15	Education Services	429	430	443	464
16	Health Services and Social Activities	232	242	261	266
17	Other Services	6,346	6,468	7,996	8,118
<b>Total</b>		<b>87,599</b>	<b>89,530</b>	<b>109,953</b>	<b>124,340</b>

Source: Cooperatives, Small and Medium Enterprises Office of Bangka Belitung Islands Province

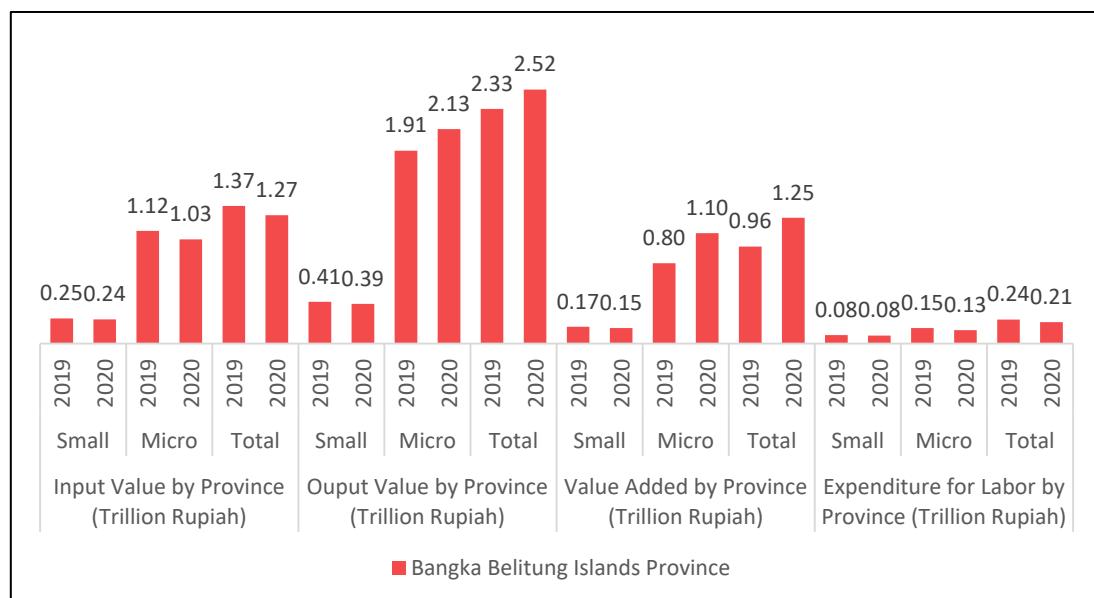
Micro and Small Industry production managed to grow by 5.96 percent compared to the conditions in 2020 (year-on-year). Quarterly, the production index of Bangka Belitung Islands Province continues to increase. The 2021 annual production index reached a value of 95.87, which indicates negative growth compared to the base year value of 2010=100, primarily due to the impact of the COVID-19 pandemic.



**Figure 1. Quarterly and Annual Micro and Small Industry Production Index of Bangka Belitung Islands Province from 2020 to 2021**

Source: BPS – Statistics Indonesia of Bangka Belitung Islands Province

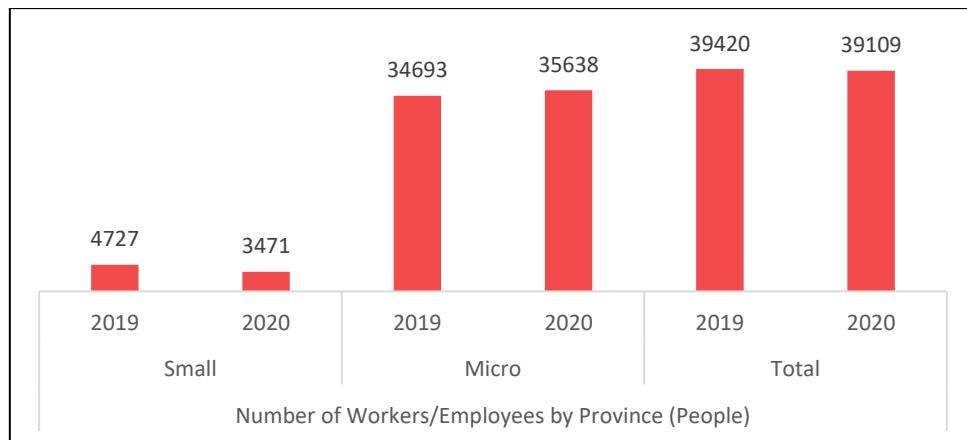
The data available from BPS – Statistics Indonesia of Bangka Belitung Islands Province is only data as of 2020 for production inputs and outputs. For Micro and Small Industries, total production inputs reached IDR 1.27 trillion, a decrease of IDR 0.09 trillion compared to the previous year. Meanwhile, the output produced was able to exceed IDR 1.27 trillion with an achievement of IDR 2.52 trillion and a growth of IDR 0.19 trillion compared to the previous year. Micro and Small Industries can generate a positive value of IDR 1.24 trillion. The added value grew by IDR 0.28 trillion compared to the previous year.



**Figure 2. Value of Inputs, Outputs, Additions, and Expenditures for Labor for Micro and Small Industry Bangka Belitung Islands Province from 2019 to 2020**

Source: BPS – Statistics Indonesia of Bangka Belitung Islands Province

In terms of employment, in 2020, the Micro and Small Industry absorbed 39,109 workers, but there was a decrease of 311 workers compared to 2019. This had implications for spending on labor, which also decreased by 0.02 trillion. The decline in these indicators resulted from the COVID-19 pandemic that hit in 2020. One of the impacts of the COVID-19 pandemic is that some SMEs in Bangka Belitung Province experienced a decrease in turnover, followed by a decrease in production capacity (Satila et al., 2021).



**Figure 3. Number of Micro and Small Industry Workers in Bangka Belitung Province from 2019 to 2020**

Source: BPS – Statistics Indonesia of Bangka Belitung Islands Province

The contribution of Bangka Belitung SMEs to tax revenue has experienced a fluctuating trend. Data from the DGT Regional Office of South Sumatra and Bangka Belitung Islands Province in the table below shows that the contribution of SMEs from 2018 to 2022 averaged only around 14.67 percent. This is because SMEs in the Bangka Belitung Islands Province are dominated by micro businesses, which have not been incorporated and do not have a Tax ID number, thus exempting them from tax obligations. According to the Law of the Republic of Indonesia Number 7 of 2021 concerning Harmonization of Tax Regulations, SMEs with a turnover below IDR 500 million per year are exempt from income tax (Republik Indonesia, 2021). This provision is likely to reduce tax revenue from the SME sector further.

**Table 2. SMEs Contribution to Bangka Belitung Islands Provincial Tax Revenue**

Tax Payment Year	Number of Deposit SME Taxpayers	Realization of Tax Deposits from SMEs	Total Tax Revenue	SMEs Contribution	SMEs Deposit Growth
1	2	3	4	5=3/4	6
2018	19,799	284,759,454,175	2,019,254,592,868	14,10%	20,36%
2019	19,689	287,238,804,641	2,930,056,992,354	9,80%	45,11%
2020	18,683	300,131,572,272	2,120,912,861,603	14,15%	-27.62%
2021	18,008	331,335,731,688	2,541,608,759,602	13,04%	19,84%
2022	18,057	740,317,714,562	3,634,136,017,563	20,37%	42,99%

Tax Payment Year	Number of Deposit SME Taxpayers	Realization of Tax Deposits from SMEs	Total Tax Revenue	SMES Contribution	SMEs Deposit Growth
January to February 2023	6,532	21,592,630,279	432,162,398,403	5,00%	-13,31%

Source: DGT Regional Office of South Sumatra and Bangka Belitung Islands Province

In 2022, SME players contributed a total loan of IDR 6 trillion to commercial banks from a total credit ceiling of IDR 14.3 trillion. This achievement is only 41.97 percent of the total ceiling. The majority of debtors are not SME actors. When viewed from the sector, SME loans are dominated by the Large Trade and Retail sector, contributing 41.40 percent or IDR 2.48 trillion. The Agriculture, Hunting, and Forestry sectors also significantly contributed to SME loans, amounting to 29.88 percent or IDR 1.79 trillion. On the other hand, the business sector with the lowest credit absorption is Individual Services Serving Households, with a contribution of 0.06 percent or equivalent to IDR 3.81 billion.

**Table 3. Total Loans at Commercial Banks in Bangka Belitung Islands Province (in billions)**

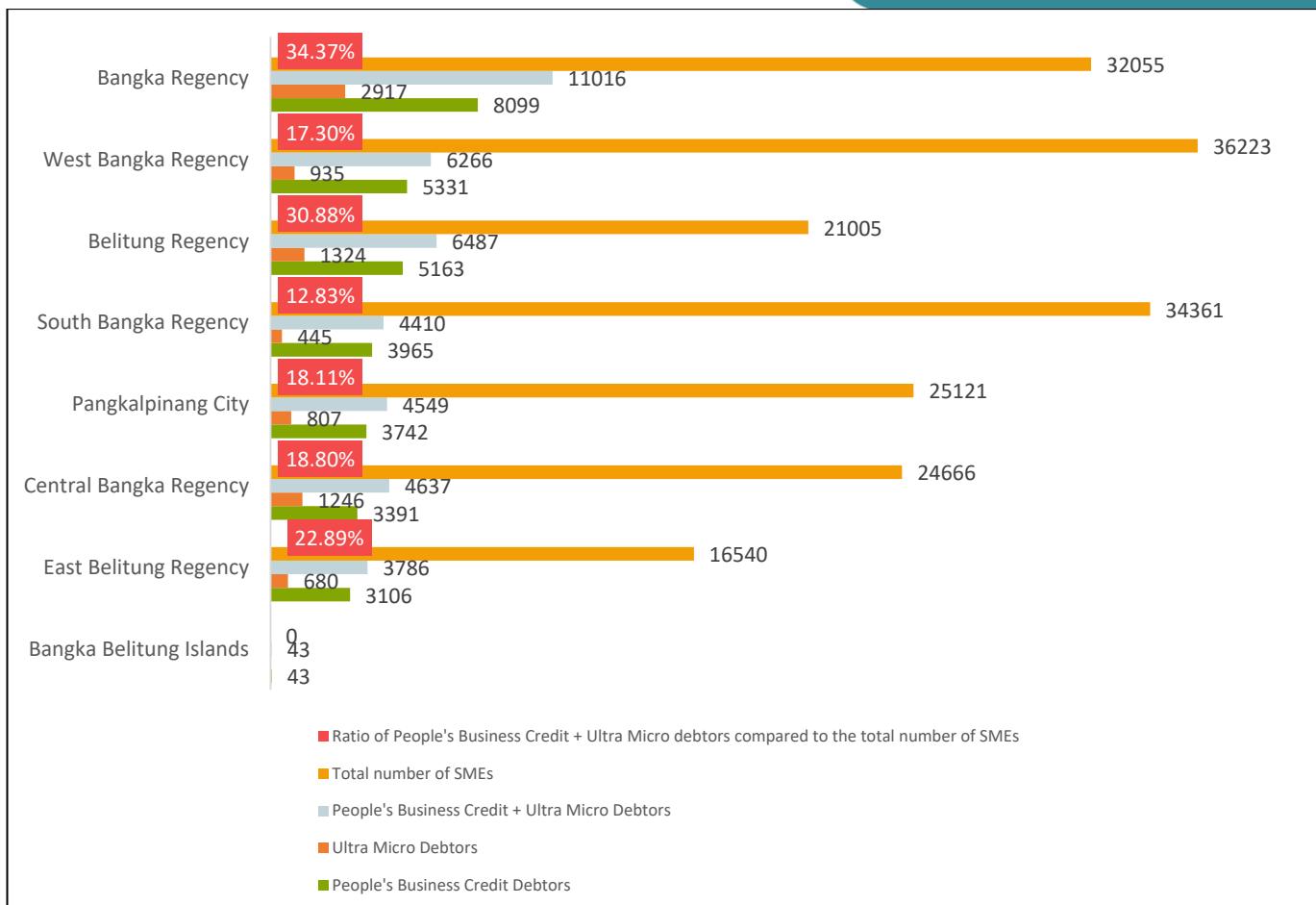
Sectors and Types of Activities	Total Loans at Commercial Banks in Bangka Belitung Islands Province (in billions)				
	Micro	Small	Intermediate	Not a SMEs Debtor	Total
<b>Agriculture, Hunting, and Forestry</b>	1025.28	584.20	185.06	167.72	1962.25
<b>Fishing</b>	180.14	112.72	35.59	8.98	337.42
<b>Mining and Quarrying</b>	2.01	50.65	31.66	54.97	139.29
<b>Processing Industry</b>	105.29	68.68	164.10	326.43	664.50
<b>Electricity, Gas, and Water</b>	1.98	3.58	25.16	0.37	31.08
<b>Construction</b>	6.19	86.28	125.66	29.97	248.10
<b>Wholesale and Retail Trade</b>	857.93	1249.49	378.74	321.35	2807.51
<b>Provision of Accommodation and Food and Beverage Services</b>	53.19	38.49	89.43	3.10	184.22
<b>Transportation, Warehousing, and Communication</b>	50.10	37.65	14.63	12.44	114.81
<b>Financial Intermediation</b>	0.39	2.17	11.42	0.00	13.99
<b>Real Estate, Rental Business, and Corporate Services</b>	16.94	77.08	12.98	0.00	107.01
<b>Government Administration, Defense, and Compulsory Social Security</b>	0.00	0.00	0.00	0.00	0.00
<b>Education Services</b>	2.07	9.38	8.68	0.00	20.13

Sectors and Types of Activities	Total Loans at Commercial Banks in Bangka Belitung Islands Province (in billions)				
	Micro	Small	Intermediate	Not a SMEs Debtor	Total
<b>Health Services and Social Activities</b>	4.53	22.57	6.28	112.10	145.48
<b>Community, Socio-Cultural, Entertainment, and Other Personal Services</b>	174.70	76.09	12.02	52.62	315.43
<b>Individual Services Serving Households</b>	1.69	2.12	0.00	0.00	3.81
<b>International Bodies and Extra International Agencies</b>	0.00	0.00	0.00	0.00	0.00
<b>Activities that have no clear boundaries</b>	0.00	0.00	0.00	0.00	0.00
<b>Residential Ownership</b>	0.00	0.00	0.00	2346.79	2346.79
<b>Flat or Apartment Ownership</b>	0.00	0.00	0.00	16.72	16.72
<b>Shop or Shop Ownership</b>	0.00	0.00	0.00	54.78	54.78
<b>Motor Vehicle Ownership</b>	0.00	0.00	0.00	82.76	82.76
<b>Ownership of Other Household Appliances (including multipurpose loans)</b>	0.00	0.00	0.00	4693.61	4693.61
<b>Not Applicable to Other Business Fields</b>	0.00	0.00	0.00	17.37	17.37
<b>Total</b>	<b>2482.42</b>	<b>2421.14</b>	<b>1101.41</b>	<b>8302.08</b>	<b>14307.05</b>

Source: Financial Services Authority Regional Office 7 Southern Sumatra

The proportion of People's Business Credit and Ultra Micro distribution to the number of SMEs in Bangka Belitung Island Province is still quite low. Only 21.68 percent of SMEs players have taken advantage of the People's Business Credit and Ultra Micro programs, based on data from the Cooperatives, Small, and Medium Enterprises Office of Bangka Belitung Islands Province until December 2022. SMEs dominate business actors in Bangka Belitung Island Province, totaling 189,971 SMEs. Most SMEs players are still on the micro business scale, accounting for 97.96 percent.

The largest number of SMEs is in the West Bangka Regency area, with 36,223 business actors. However, only 17.30 percent or 6,266 business actors, have become People's Business Credit and Ultra Micro Debtors. Meanwhile, Bangka Regency, the regency/city with the third-highest number of SMEs, has the largest People's Business Credit and Ultra Micro Debtors in Bangka Belitung Islands Province. 34.37 percent of Bangka Regency business actors have become People's Business Credit and Ultra Micro Debtors.



**Figure 4. The Proportion of People's Business Credit/Ultra Micro Debtors to SMEs in Bangka Belitung Islands Province**

Source: Cooperatives, Small and Medium Enterprises Office of Bangka Belitung Islands Province and Credit Program Information System (Processed)

## 4.2. Government Support in Strengthening SMEs

In the 2022 State Budget, government spending to support SMEs is in the National Economic Recovery Program cluster for Economic Recovery. Nationally, the total ceiling for 2022 for the Economic Recovery cluster is IDR 178.32 trillion, and most of the ceiling is allocated to support SMEs. Bangka Belitung Islands Province received an allocation of IDR 13.47 billion. The ceiling allocation comprises Ministry/Institution Work Unit expenditures of IDR 5.28 billion and local government expenditures of IDR 8.19 billion.

**Table 4. Realization of Ceiling and Output Achievement of Ministry/Institution Work Unit Expenditures to Support SMEs Financial Year 2022**

RO Description	Budget			Achieve Output		
	Ceiling	Realization	% Achv.	Tgt.	Achv.	Unit
Business Assistance						
Minutes of SMEs Voluntary Auction						
Office of State Property and Auction Services of	11,024,000	4,384,566	39,77	10	10	Treatise

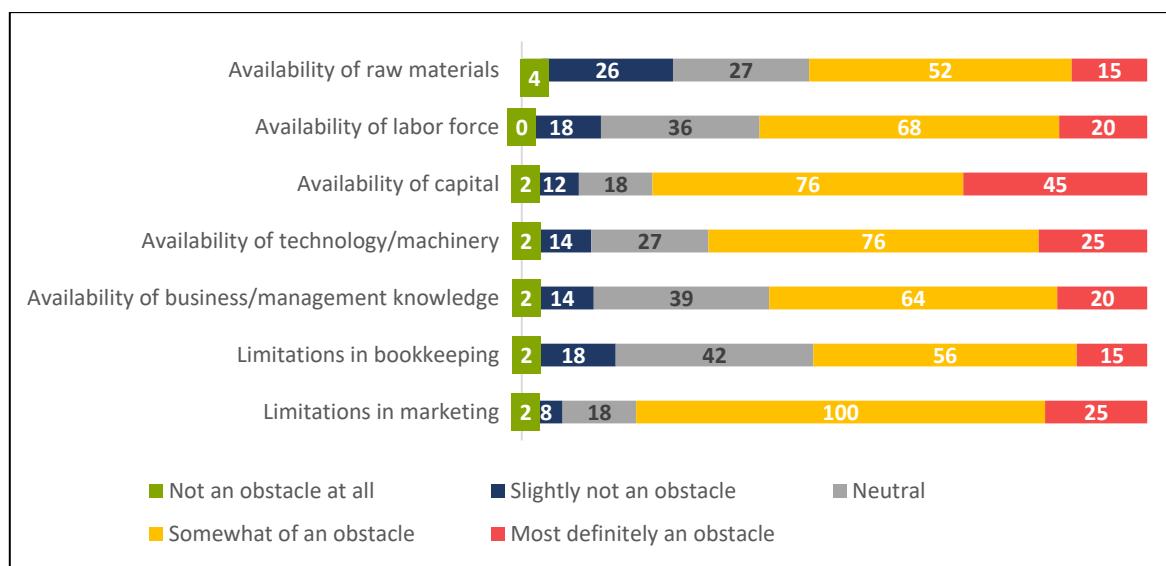
RO Description	Budget			Achieve Output		
	Ceiling	Realization	% Achv.	Tgt.	Achv.	Unit
Pangkalpinang (015-119809)						
<b>Livestock Business Insurance</b>						
Hands of Bangka Belitung (018-309034)	25,000,000	25,000,000	100	1	1	Unit
<b>Business Unit Certification</b>						
Hands of Bangka Belitung (018-309166)	180,400,000	151,384,144	83.92	6	5	Institution
<b>Fishermen facilitated access to business funding</b>						
VAT Sungailiat (032-239214)	4,000,000	4,000,000	100	24	24	Person
VAT Tanjung Pandan (032-239221)	4,000,000	4,000,000	100	24	35	Person
<b>Investment Outlets and Business Services</b>						
Office of Maritime Affairs and Fisheries of the Bangka Belitung Islands Province (032-309040)	87,900,000	87,896,243	100	36	36	SMEs
<b>Mentoring and Training</b>						
SMIs that Receive Assistance, Applications for Product Certification through the Deconcentration Fund, and Product Development						
Office of Industry and Trade of the Bangka Belitung Islands Province (032-309028)	434,946,000	404,943,278	93.10	48	48	Industry
Industrial Entrepreneurs Who Receive Entrepreneurship and Technical Production Training Through Deconcentration Funds						
Office of Industry and Trade of the Bangka Belitung Islands Province (032-309028)	763,054,000	683,573,847	89.58	1	1	Industry
Joint Business Groups identified to enhance their institutional capacity						
Office of Maritime Affairs and Fisheries of the Bangka Belitung Islands Province (032-309037)	13,500,000	13,499,630	100	2	2	Report
Support for Ministry of Cooperatives and SMEs Empowerment in the Regions						
Cooperatives, Small and Medium Enterprises Office of Bangka Belitung Islands Province (044-300053)	647,665,000	618,402,000	95.48	10	10	Person
Strengthening Ministry of Cooperatives and SMEs Human Resources through Mentoring						
Cooperatives, Small and Medium Enterprises Office of Bangka Belitung Islands Province (044-300053)	1,121,704,000	1,077,140,000	96.03	52	52	Person
SMEs that are accompanied in meeting standards by Technical Implementation Unit						
Drug and Food Supervisory Agency of Pangkalpinang (063-672842)	26,655,000	26,648,987	99.98	8	8	SMEs
Drug and Food Supervisory Agency of Belitung (063-690479)	30,000,000	29,984,196	99.95	6	6	SMEs
Facilitation of Product Development and Promotion Training for SMEs						
Office of Industry and Trade of the Bangka Belitung Islands Province (090-309025)	67,980,000	60,197,688	88.55	1	1	Area
<b>Planning and Data Collection</b>						
Program planning of the Ministry of Cooperatives and SMEs in the Regions						
Cooperatives, Small and Medium Enterprises Office of Bangka Belitung Islands Province (044-300053)	430,275,000	374,177,000	86.96	1	1	Service
SME Single Data Integrated Information System						
Cooperatives, Small and Medium Enterprises Office of Bangka Belitung Islands Province (044-300053)	1,434,670,000	1,004,432,000	70.01	1	1	Service
<b>Total</b>	<b>5,282,773,000</b>	<b>4,569,663,579</b>	<b>86.50</b>	<b>231</b>	<b>241</b>	

Source: The Government of Bangka Belitung Islands Province and Online Monitoring State Treasury and Budget System (data processed)

The SMES Development Program in the Local Government Budget of Bangka Belitung Islands Province received an allocation of IDR 1.69 billion in 2022, resulting in the development of 572 SMEs under this program. The primary output of this program is training, with additional outputs including participation in exhibitions, promotions, and facilitation of marketing, capital, and product quality improvement.

### 4.3. SMEs Constraints in SMEs Development

Using the Likert scale, the DGT Regional Office of Bangka Belitung Province aims to measure the main obstacles for SMEs in developing their business. The measurements use a 5-point scale: 1) Not an obstacle at all, 2) Slightly not an obstacle, 3) Neutral, 4) Somewhat of an obstacle, and 5) Most definitely an obstacle. Based on the results from 42 SME respondents, scores were obtained, as detailed in **Figure 5**. The score is calculated by multiplying the scale by the number of respondents, and the largest and smallest scores will be used to interpret the aspects being tested.



**Figure 5. Results of the SMEs Constraints Survey in the Bangka Belitung Islands Province**  
Source: Survey Results from the DGT Regional Office of Bangka Belitung Islands Province

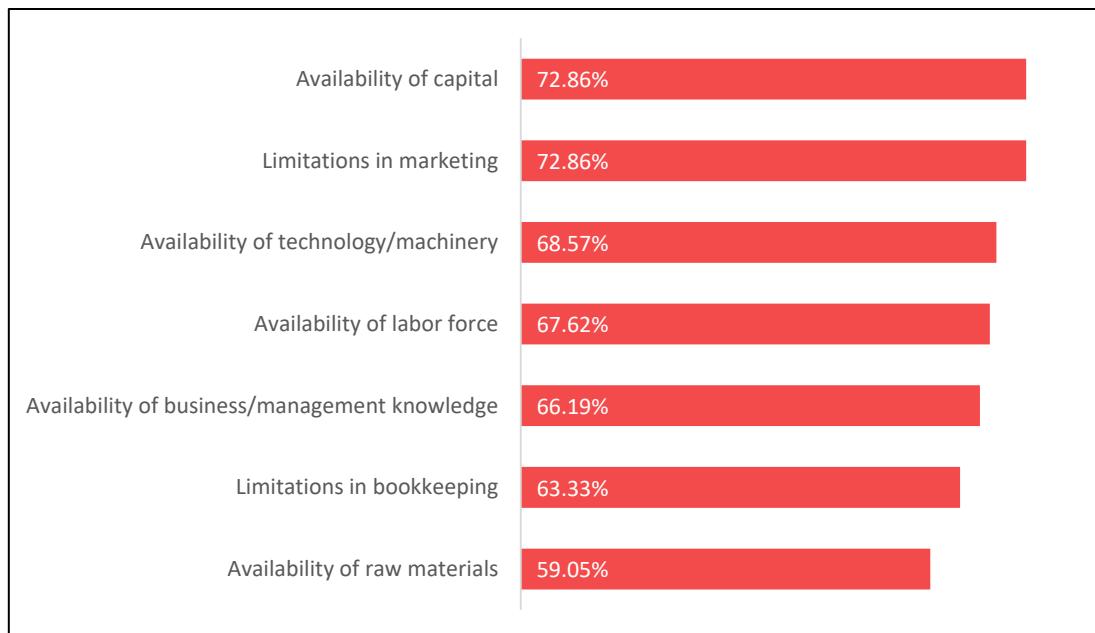
To interpret the score, it is necessary to determine the interval and percentage interpretation for each scale and the value of each aspect tested within the interval. Since it uses five scales, an interval range of 20 percent is obtained for each scale, as follows:

**Table 5. Intervals and Percentage Interpretation for Each Scale**

Interval	Interpretation
0% to 19.99%	Not an obstacle at all
20% to 39.99%	Slightly not an obstacle
40% to 59.99%	Neutral
60% to 79.99%	Somewhat of an obstacle
80% to 100%	Most definitely an obstacle

Source: Survey Results from the DGT Regional Office of Bangka Belitung Islands Province

After processing the score of each aspect, the values can be obtained within the intervals shown in **Figure 6**.



**Figure 6. Value of Each Aspect Tested at Intervals.**

Source: Survey Results from the DGT Regional Office of Bangka Belitung Islands Province

## 5. Discussion

### 5.1. Characteristics of SMEs

Even though it was still a pandemic, 2020 witnessed the highest increase in SMEs, which amounted to 20,423 or 22.81 percent. The Large and Retail Trade Sector, Car Repair, and Motorcycles contributed to almost half the total increase, accounting for 47% or 9,664 SMEs.

The number of SMEs in Bangka Belitung Island continued to increase in 2021 by 14,387 SMEs, or 13.08 percent. Unlike in 2020, the increase in SMEs in 2021 was supported by growth in the Agriculture, Forestry, and Fisheries sectors, totaling 8,270 SMEs or 13.08 percent. The significant increase in the number of SMEs was mainly due to the growth in these two sectors, as they are the dominant sectors of SMEs in the Bangka Belitung Islands.

### 5.2. Government Support in Strengthening SMEs

In the 2022 State Budget, government spending to support SMEs is allocated under the National Economic Recovery Program (PEN) cluster for Economic Recovery. Nationally, the total ceiling for the 2022 Economic Recovery cluster is IDR 178.32 trillion, and a significant portion of this ceiling is allocated to support SMEs. Bangka Belitung Islands Province received an allocation of IDR 13.47 billion. This allocation is divided between Ministry/Institution Work Units expenditures of IDR 5.28 billion and local government expenditures of IDR 8.19 billion.

The Ministry/Institution expenditures to support SMEs involve seven Ministries/Institutions and/or 12 Work Units, as shown below:

- 1) "Hot Talk" of Pangkalpinang Customs with SMEs Actors with Export Potential on March 30, 2022.
- 2) Socialization regarding the Directorate General of Customs and Excise and Ministry of Finance programs for SMEs on June 15, 2022.
- 3) SMEs Week 2022 Pangkalpinang Customs on June 21, 2022.
- 4) Socialization of Export Products and Customs Services for Processed Products in Pelawan Forest on June 28, 2022.
- 5) Export Socialization in Entrepreneurship Training in SMEs Productive Business Skills on September 26, 2022.
- 6) Dialogue 21 Synergy for SMEs Empowerment of the Ministry of Finance in Bangka Belitung on September 29, 2022.
- 7) Customs Goes to Mall on December 10, 2022.

### 5.2.1. Digital Payment Facilitation

Starting in 2019, the Directorate General of Treasury encouraged digital transactions through the marketplace system. This policy is contained in the Regulation of the Director General of Treasury Number PER-7/PB/2022 concerning the Use of Supply Money Through Digipay in Work Units of State Ministries/Institutions. This policy regulates the implementation of Money Supply through Digipay, consisting of a marketplace and digital payment systems.

### 5.2.2. Facilitation of Marketing Access Expansion

According to [Harvie & Charoenrat \(2016\)](#), the biggest challenge for SMEs in developing their business to reach their potential size comes from the factors inherent in the small size of SMEs. These factors include lack of resources (financial, technological, skilled personnel, market access, and market information); lack of scale and economic reach; higher transaction fees than large companies; lack of networks that contribute to a lack of information, knowledge, and experience in domestic and international markets; increased competition and market concentration of large multinationals caused by globalization and economic integration; inability to compete with large companies in terms of R&D and innovation expenditures (products, processes, and organizations); frequent upheavals and instability; and lack of entrepreneurial spirit, capacity, and knowledge.

However, the smaller size also provides advantages for SMEs. Because they are less dependent on formal sources of financing, SMEs can respond faster and more flexibly in the event of a sudden shock ([Berry et al., 2001](#)). As a result, SMEs are usually more resilient to crises than large companies. To develop SMEs in Indonesia, [Berry et al. \(2001\)](#) recommended that the Government focus on creating a conducive business environment and implementing SME development programs rather than providing direct assistance to SMEs.

Several studies related to the development of SMEs in Indonesia found almost the same obstacles as the research from [Harvie & Charoenrat \(2016\)](#) mentioned above. For example, ([Suyadi et al., 2018](#)) analyzed SMEs in Bengkalis Regency. They found that the main obstacles for SMEs in the district were limited business and management knowledge, weaknesses in bookkeeping, and low levels of technology mastery. The research also found that SME players are generally afraid to take risks to increase capital, product innovation, and technology. External support from government guidance to develop SMEs in the district has also not been evenly distributed.

Meanwhile, according to the results of research by [Anggraeni et al. \(2021\)](#) on the "Corn Emping" business group in Malang City, the obstacles faced by SMEs are related to increasing raw material prices, limited human resources, capital, lack of production equipment, and lack of marketing access. To overcome these obstacles, the Cooperatives and SMEs Office of Malang City provides support by providing access to capital, conducting coaching and training, promoting SME products, expanding product marketing, and providing production equipment assistance.

Based on the results of literature studies, no research has analyzed the constraints of SMEs in the Bangka Belitung Islands Province. To deepen and further explore the constraints of SMEs, the DGT Regional Office of Bangka Belitung Province conducted a survey using a questionnaire containing constraints on aspects of raw materials, labor, capital, equipment/machinery, management, marketing, and accounting. The questionnaire indicators use the results of a study by [Suyadi et al. \(2018\)](#).

The factor most chosen by SMEs related to the availability of labor is the difficulty of obtaining skilled labor. This follows data from BPS – Statistics Indonesia of Bangka Belitung Islands Province, which indicates that 42.30 percent of the workforce has only an elementary school education as their highest level. Regarding certification level, the ratio reaches only 10.27 percent of the total population of Bangka Belitung Islands Province. In addition, the factor of labor wages is also one of the drivers of limited labor availability. In Bangka Belitung Islands Province, most workers choose to work in tin mining because the returns provided are quite large. Thus, becoming labor in other sectors would require wages that are equivalent to or greater than working in the mining sector. The high labor wage is supported by the fact that the minimum wage of Bangka Belitung Islands Province is the 4th highest Provincial Minimum Wage nationally, with a value of IDR 3.26 million.

Regarding the availability of business/management knowledge, the lack of training provided by related agencies became the dominant factor chosen by respondents. This is also supported by the fact that some respondents do not have a basis in business science. Additionally, the lack of enthusiasm among respondents to follow information related to business developments, despite having access to smartphones and social media, contributes to this constraint. Respondents also felt no need to learn about management because no encouragement from related agencies existed.

In the aspect of limitations in bookkeeping, the majority of respondents have no problems with bookkeeping their daily transactions. However, some respondents were constrained because they did not receive bookkeeping training from related agencies.

### 5.2.3. Forms and Methods of SMEs Training

Four training categories are used as options: Socialization, Focus Group Discussion (FGD), Course Classes, and Technical Guidance. As many as 61.90 percent of respondents chose technical guidance as the ideal form of training. Another 35.71 percent chose the course class as the ideal form of training, and only one respondent chose FGD. Interestingly, none of the respondents chose socialization as a form of training. Training with a socialization model is no longer effective for SME actors in improving their competence. Most respondents prefer technical guidance and course classes, indicating they want to be actively involved in learning to improve their abilities. This aligns with the respondents' needs for management and

bookkeeping training, as indicated in the questionnaires on aspects of the availability of business/management knowledge and limitations in bookkeeping. Regarding the training method, the majority of respondents, 97.62 percent, or 41 respondents, chose to have training conducted offline, with only one person preferring online training.

## 6. Conclusion

The SMEs sector is one of the backbones of the Indonesian economy, but its existence still faces various obstacles. The government supports SME programs through the State Budget and Local Budget. In the 2022 State Budget, Bangka Belitung Islands Province received an allocation of IDR 13.47 billion for the Economic Recovery cluster. Meanwhile, the Local Budget allocation of IDR 8.19 billion is divided into two programs: SMEs Empowerment and SMEs Development, worth IDR 6.5 billion and IDR 1.69 billion, respectively.

SMEs in Bangka Belitung have not fully utilized financing facilities and have lower access to financing than non-SMEs. In 2022, SMEs in Bangka Belitung only accessed financing with a total credit of IDR 6 trillion out of a total credit ceiling of IDR 14.3 trillion. The Large Trade and Retail sector has the highest access to financing, reaching 41.40 percent or IDR 2.48 trillion. Only 21.68 percent of SMEs use People's Business Credit and Ultra Micro financing. The contribution of Bangka Belitung SMEs to tax revenue has fluctuated and averaged around 14.67 percent from 2018 to 2022. Micro businesses dominate the SMEs in the area and often do not have tax obligations.

The Ministry of Finance has implemented various programs for SME empowerment in Bangka Belitung, including BDS programs, export clinics, auction drives, People's Business Credit and Ultra Micro financing, Digipay, and marketing access expansion programs. However, the biggest obstacles for SMEs in Bangka Belitung are the availability of capital and limited access to marketing. SMEs are less interested in accessing financing and expect more cash capital assistance from the government. High competition for similar products and difficulty finding partners to help market products outside the region influence marketing challenges for SMEs.

The availability of technology/machines is also a significant obstacle for 68.57 percent of SMEs. The machines are expensive and must be ordered from out of town or outside Bangka Island. Additionally, the lack of skilled and poorly educated labor and the absence of business management and bookkeeping knowledge/training hinder SMEs in developing their businesses. While related to raw materials, despite being in a neutral position, unstable raw material prices are an obstacle for SME actors, in addition to high costs and difficulty obtaining raw materials.

Based on the results of the survey of SMEs constraints in Bangka Belitung Islands Province, it can be revealed that the challenges faced by SMEs in developing their businesses are related to limited business capital and marketing access, unavailability of adequate technology/machinery, lack of quality human resources, lack of training from related parties, and difficulty obtaining raw materials. The survey results also show the preferred forms and training methods expected by SME actors, which are no longer socialization but technical guidance and offline course classes. The various obstacles SME actors face require appropriate, comprehensive, and sustainable strategies to strengthen policies, governance, and human resource capacity.

## 7. Conflicts of Interest and Ethical Standards

The authors certify that in this research, there are no conflicts of interest within their current organization, and no unethical practices, such as plagiarism, were followed during the research.

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