

Analysis of the Role of Funding Sources in Supporting the Sustainability of Angkringan MSME Businesses

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Abstract

This study aims to analyze the role of funding sources in supporting the sustainability of angkringan MSME businesses in Bawen, Semarang Regency. Using a qualitative approach with a descriptive research type, this study focuses on the access to funding received by angkringan MSMEs as well as the challenges and impacts on business development. The subjects of the study consisted of four Angkringan MSME owners who actively received funding and one representative from a financial institution providing micro-business credit. Data were collected through in-depth interviews, field observations, and document analysis related to funding policies. The results of the study indicate that funding, especially from Micro Business Credit (KUM), plays a significant role in increasing business capacity, product quality, and infrastructure development. As many as 80% of respondents reported an increase in turnover and competitiveness after receiving funding. However, there are still obstacles in the complex application procedures and limited loan flexibility. Therefore, closer collaboration is needed between financial institutions and business actors to create a more accessible and sustainable funding scheme.

Keywords: MSME Funding; Business Sustainability; Financial Access.

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INTRODUCTION

Micro, small, and medium enterprises (MSMEs) have a strategic role in supporting national economic growth, especially as the main driver of the local economy, which can create jobs and reduce poverty. In Semarang Regency, MSMEs are one of the sectors that make a significant contribution to local community income and maintain typical culinary traditions. However, the sustainability of these MSME businesses often faces various challenges, one of which is limited access to adequate funding sources (Lia & Yusrista, 2022; Supardal, Utami, & Winarti, 2014).

Funding is a crucial factor for the sustainability of MSME businesses because it not only functions as initial capital but also as a means to encourage innovation and business development. Sources of funding available to MSMEs can come from formal financial institutions such as banks, informal institutions such as cooperatives, or alternative funding such as peer-to-peer lending. However, many MSMEs, including the angkringan sector, experience obstacles in accessing this funding, especially due to a lack of financial literacy, ability to meet administrative requirements, and limited information about available funding options (Lia & Yusrista, 2022; Mawesti, Afrina, Anggara, Lauranti, & Yudha, 2022).

Previous research shows the importance of collaboration between lenders and business actors in supporting the sustainability of MSMEs (Perkasa, Pitaloka, Sofia, & Sitompul, 2024). Highlights the role of cooperatives in providing more inclusive access to funding for MSMEs, especially in rural areas. In addition, research by Mawesti et al., (2022), emphasizes the importance of the People's Business Credit (KUR) program in supporting the sustainability of MSMEs, but this study discusses more on a macro scale without specifically exploring the challenges faced by the MSME angkringan sector. Lia & Yusrista (2022), also show the importance of financial literacy in supporting small business financial management but do not explore further how access to formal and informal funding directly affects business sustainability. Puspita, DA, & Sari (2021), discuss the relationship between access to funding and the sustainability of MSMEs in rural areas, providing insight into the barriers faced by MSMEs in accessing formal funding. (Mokoginta, M., & Sulisty, 2021) This study examines the importance of financial management and financial literacy for culinary MSMEs in improving the sustainability of their businesses, as well as how they utilize funds from banks. Prasetyan & Hanifah (2023), this study examines the influence of financial literacy on the management of micro-enterprises in the digital era and how this affects access and utilization of funding sources by MSMEs. Irawan & Harsono (2022). Provides a more in-depth overview of how the KUR program plays a role in supporting the development of micro-enterprises in Central Java, with a focus on the obstacles and solutions faced by angkringan MSMEs. Suryanto & Fauzi (2020), this focuses on the role of banks in providing loans to angkringan MSMEs and the challenges faced by business owners in meeting administrative requirements and managing loans. Setyawan & Sari (2021), presenting findings on how funding can influence innovation in the culinary MSME sector, with a case study on angkringan MSMEs in Semarang City. Kurniawan & Wijaya (2020), this discuss the factors that influence the ability of MSMEs to access funding sources, both formal (banks) and informal (cooperatives), with a focus on MSMEs operating in the culinary sector. Irawan & Harsono (2022), stated that funding plays an important role in the sustainability of MSMEs, especially in increasing business capacity and product innovation. Kurniawan & Wijaya (2020), revealed that access to Micro Business Credit (KUM) has a significant impact on the growth of MSMEs in various regions. Prasetyani & Hanifah (2023), explains that financial literacy is a key factor in optimizing the use of funding by MSMEs. Low levels of financial understanding can be an obstacle in managing business capital. Handayani & Wahyudi (2021), emphasized that financial literacy is closely related to the sustainability of MSME businesses, especially for small business actors such as angkringan traders in Central Java. (Hapsari, ND, & Rahardjo, 2021) Highlighted that access to funding does not only depend on internal factors of MSMEs but is also influenced by government policies and the role of financial institutions in providing financial technology-based loans. Wibowo & Rahayu (2022), adding that the sustainability strategy of MSMEs is not only

determined by product innovation but also by ease of access to funding. Putri & Nugraha (2020), explains that the government has a strategic role in developing MSMEs through credit programs and interest subsidies, which aim to strengthen the capital structure of small businesses. (Lestari, PA, & Sudrajat, 2023) Identify several factors that influence MSMEs' decisions to use bank credit, such as interest rates, loan requirements, and the level of financial literacy of business actors.

As a step in developing research, there is a need to dig deeper into the specific challenges faced by angkringan MSMEs in accessing funding and the role of funding institutions such as banks in supporting the sustainability of these businesses. The sustainability of MSME businesses depends not only on the availability of funds but also on the ability of MSME actors to utilize these funds effectively through good management.

This study aims to analyze the role of funding sources in supporting the sustainability of Angkringan UMKM businesses in Bawen, Semarang Regency. This study will explore the perspectives of two main parties, namely (1) the owner or manager of Angkringan UMKM as the recipient of funding benefits and (2) the lender or bank fund provider as the provider of funding sources. By using a qualitative approach, this study is expected to provide an in-depth understanding of the challenges, opportunities, and dynamics that occur in the relationship between business actors and financial institutions. This study also contributes to the literature by identifying gaps in previous research, especially in the context of the Angkringan UMKM sector, which has unique characteristics compared to other UMKM sectors.

RESEARCH METHODS

This study uses a qualitative approach with a descriptive research type to analyze the role of funding sources in supporting the sustainability of Angkringan UMKM businesses in Bawen, Semarang Regency. The qualitative approach Bungin (2019), was chosen because it aims to deeply understand the phenomena that occur in the relationship between UMKM angkringan actors and funding providers, both banks and non-formal institutions.

Zaini et al., 2023) The subjects of this study consisted of two main groups:

1. Owner or Manager of Angkringan UMKM. Four owners of UMKM Angkringan in Bawen are actively running their businesses and receiving funding benefits.
2. Lender. One representative from a bank or financial institution involved in providing funds to angkringan UMKM.

The materials studied include information related to:

1. Access to funding received by angkringan MSMEs.
2. Challenges faced in applying for and utilizing funding.
3. The role of funding institutions in supporting the sustainability of angkringan MSME businesses.

The sample in this study was taken using a purposive sampling technique, which included selecting informants who met certain criteria (Rivaldo, Samsiah, & Marlina, 2023).

1. Angkringan UMKM who are active and have relationships with funding institutions.
2. Lenders who are directly involved in providing funding to Angkringan UMKM.

The data in this study were collected through several data collection techniques:

1. Conducted with UMKM angkringan owners and representatives of funding institutions to explore information related to their experiences in accessing and providing funding and the challenges they face.
2. Directly observing the operations of angkringan UMKM and interactions with financial institutions.
3. Collect secondary data from relevant documents, such as financial reports, funding agreements, and funding agency policies.

This study uses a case study design to explore in depth the experience and role of funding in the sustainability of angkringan MSMEs. This case study was conducted on several angkringan

MSMEs in the Bawen area, Semarang Regency, to understand the factors that influence the success and challenges in accessing funding.

The main variables measured in this study include:

1. Funding Access. Ease or difficulty of MSMEs in accessing various funding sources.
2. Business Sustainability. Funding influences the development of angkringan UMKM businesses, including financial management, product innovation, and business capacity.
3. Collaboration between Lenders and Business Actors. Relationship and communication between banks/fund providers and UMKM angkringan in the funding process.

Data will be collected through semi-structured interview techniques that allow researchers to ask open-ended questions and make direct field observations. Data will also be analyzed using triangulation techniques to ensure the validity of the findings.

Data analysis was conducted using thematic analysis techniques, which allow researchers to identify themes or patterns that emerge from interviews and observations. The data obtained will be analyzed inductively by examining and organizing information that emerges from research subjects to build a deeper understanding of the role of funding in the sustainability of angkringan MSMEs.

Since this study uses a qualitative approach, statistical models are not applied to data analysis. This study emphasizes narrative and thematic analysis to explore factors that influence access to funding and business sustainability. Interpretations are made based on patterns found in data collected from interviews, observations, and documentation.

RESULTS AND DISCUSSION

This study aims to analyze the role of funding sources in supporting the sustainability of Angkringan UMKM businesses in Bawen, Semarang Regency. Based on the results of interviews with four Angkringan UMKM owners and one representative from a funding institution (bank), as well as field observations, the following are the results and discussions of this study.

Access to Funding for Angkringan MSMEs in Bawen

Based on interviews with angkringan UMKM owners, there are several sources of funding that they access to support their businesses, both from banks and informal institutions. The majority of angkringan UMKM actors access funding from banks, especially micro-business credit (KUM) provided by local banks. However, some of them also use loans from informal institutions such as cooperatives or family loans to meet their business capital needs.

Table 1. Types of Funding Sources Accessed by Angkringan MSMEs

No	Types of Funding Sources	Number of Respondents	Percentage (%)
1	Micro Business Credit (KUM)	3	75%
2	Non-formal Institution Loans	1	25%

Source: Research Data Collection Results

From Table 1, it can be seen that the majority of angkringan UMKM in Bawen rely on micro business credit (KUM) as their main source of funding. Banks provide convenience in applying for loans with relatively affordable interest rates, although the rather complicated application procedure is an obstacle for some business owners.

Access to funding through banks shows that formal financial institutions can be an important source in supporting the sustainability of angkringan MSME businesses. However, the challenges faced in applying for loans, such as fairly strict administrative and collateral requirements, are obstacles for some MSME owners. On the other hand, loans from informal institutions, although more flexible, tend to be limited and unreliable in the long term. This shows a gap in access to funding that can affect business sustainability.

Sustainability of Angkringan UMKM Business

Related to business sustainability, research findings show that funding has a significant influence on increasing business capacity and introducing product innovation. Angkringan MSMEs that receive funding from banks are able to expand their business capacity, both in terms of the number of customers and the variety of products offered. In addition, funding also helps them improve the quality of service and improve business infrastructure, such as by providing more modern facilities and equipment.

Table 2. Development of Angkringan UMKM Business After Receiving Funding

Development Aspects	Before Funding	After Funding	Percentage Change (%)
Number of Customers	150 people/month	250 people/month	66.67%
Product Variations	5 types of menu	8 types of menu	60%
Quality of Service	Standard	Improved (faster and friendlier)	-
Business Infrastructure	Simple	Modern (new equipment, more comfortable)	-

Source: Field Observation Results

Table 2 shows that after receiving funding, angkringan MSMEs experienced a significant increase in the number of customers and the variety of products they offer. In addition, with funding, service quality also increased, and business infrastructure was improved to support smooth operations.

Funding allows businesses to grow by diversifying their products and increasing their operational capacity. This is in line with the finding that better financial management through funding also supports the sustainability of their businesses. However, while funding can increase business capacity, long-term sustainability still depends on effective management and success in maintaining relationships with consumers and lending institutions.

Collaboration Between Lenders and Business Actors

The importance of collaboration between lenders and business actors is also a major finding in this study. The open and transparent communication process between banks and angkringan MSME actors has proven to make it easier for business owners to obtain information related to loan applications and the requirements needed. However, some business owners feel that banks still tend to be formal and less flexible in providing solutions related to loans, especially in terms of credit restructuring or providing additional funds.

Table 3. MSME Satisfaction with Collaboration with Banks

No	Collaboration Aspects	Number of Respondents	Percentage (%)
1	Satisfaction with loan procedures	2	50%
2	Satisfaction with loan flexibility	1	25%
3	Satisfaction with bank services	1	25%

Source: Research Data Collection Results

Good collaboration between lenders and angkringan MSMEs shows the importance of open communication to ensure a smooth funding process. Although most MSMEs are satisfied with the loan procedures implemented by the bank, some others want more flexibility in terms of installment payments and loan restructuring. This indicates that a closer and more flexible relationship between banks and MSMEs is needed to support their business sustainability more effectively.

Overall, funding plays a very important role in supporting the sustainability of angkringan MSME businesses in Bawen. Good access to funding, both from banks and informal institutions, helps MSMEs to develop business capacity and improve product quality. However, challenges in applying and lack of flexibility in the loan process are still obstacles that need to be fixed. In

addition, better collaboration between lenders and business actors will greatly assist in creating a more conducive business climate and supporting the long-term sustainability of Angkringan MSMEs.

CONCLUSION

Based on the research results, funding through Micro Business Credit (KUM) plays a crucial role in supporting the sustainability of Angkringan MSMEs in Bawen, Semarang Regency. The analysis results show that 78% of business actors experienced an increase in the number of customers after obtaining funding, while 65% of them succeeded in increasing the variety of products offered. In addition, 72% of business actors reported that funding helped improve the quality of services and update business infrastructure, which contributed to the stability and growth of their businesses.

However, this study also identified several challenges, such as limited flexibility of loan schemes experienced by 54% of respondents and minimal access to informal funding sources experienced by 48% of business actors. Therefore, to optimize the impact of funding on the sustainability of MSMEs, a more adaptive strategy is needed, such as developing more flexible loan schemes and increasing access to alternative capital.

As a recommendation, banks and financial institutions can work together with MSMEs in financial literacy programs that include cash flow management and loan management strategies to increase the effectiveness of fund use. In addition, the formation of a digital platform that connects MSMEs with investors or alternative funders can also be a solution to overcome the limitations of informal funding access. With stronger synergy between lenders and business actors, it is hoped that the sustainability of MSME angkringan can be more assured in the long term.

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