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MSMEs Performance Improvement through Partnership Programs as a Form of Corporate Social Responsibility

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Abstact

The role of MSMEs in the economy is quite large, especially its contribution to gross the domestic product and employment. Although the empowerment of MSMEs still carried out by the government, in fact there are still some obstacles experienced by MSMEs in Kediri, they are (1) lack of managerial capability, (2) lack of motivation, (3) lack of human resources, (4) lack of entrepreneurship competence, (5) high costs, (6) limited market access, (7) the mastery of information technology is low and (8) lack of capital. The existence MSMEs is different with SOEs, which have good human resources and obtain full suport of the government, both in terms of facilities, or capital treatment. For that, through the partnership program, the state gives a portion of profits earned to the empowerment of MSMEs as a form of CSR. The purpose of this study is to analyze the performance of MSMEs in Kediri with SOE partnership program as a form of corporate social responsibility.

The object study in this research are the factors that affect the performance of MSMEs through \ partnership program of SOEs in the form of working capital loans, special loans and coaching. The research was conducted on MSMEs in Kediri. The population in this study covers all MSMEs who had been partnered with SOEs through CSR , whereas the total sample is 35 MSMEs. Data analysis method used is multiple linear regression. The research concludes that there is positive and significant correlation between SOE partnership program in the form of working capital loans, and coaching on the performance of MSMEs in Kediri, whereas the partnership program in the form of special loans has no significant effect on the performance of MSMEs in Kediri.

Keywords: MSMEs Performance, CSR, Partnership Program

1. Introduction

Micro, Small and Medium Enterprises (MSMEs) have a crucial role and strategic in national economy, it is evident, among others: (1) MSMEs are the main

roleplayers in economic activity, (2) provide a substantial contribution to Gross Domestic Product (GDP), and (4) it gives the largest contribution to employment. The following data shows the number of business units according to the scale of business, the contribution of each business unit to GDP and absorption of business units to labor in Indonesia in 2014.

Table 1
Number of Business Units, Value in GDP and Labor Absorption Scale
According to Business in Indonesia 2014

No	Explanation	Business Scale				Total	%
		MMSMEs	%	Big Scale Business	%		
1	Total of Business Units	55.206.444	99.99	4.952	0.01	**55.211.396**	100
2	The Value of GDP at constant prices (Rp Billion)	1.369.326	57.6	1.007.784,0	42.4	**2.377.110,0**	100
3	Employment (person)	101.722.458	97.24	2.891.224	2.76	**104.613.682**	100

Table 1 shows that as much as 99.99% from the total of Indonesian business units are MMSMEs, and only 0.01% is big scale business. If the terms of contribution to Gross Domestic Product (GDP), MSMEs can contribute about 57.6% of total GDP at constant prices of year 2000. The quantity of MSMEs are able to contribute greatly to GDP (57.6%), but when its viewed from per unit contribution of MSMEs to GDP is considered very small when it compared with large businesses. In addition to give a great contribution to national GDP, MSME is a business unit that is capable to absorb huge workforce. In 2014, MSMEs are able to absorb employment as much as 99,401,775 people (97.22%) of the amount of labor in Indonesia.

Seeing the role of MSMEs in national economic development, the government made an important policy in effort to foster and develop MSMEs in to make it become stronger and independent businesses, in coming with the promulgation of Law No. 20 of 2008 on MSMEs. Through this law the government is trying to promote MSMEs through: (1) The creation of conducive business climate, (2) increasing access to productive program, and (3) Program development of entrepreneurship and MSMEs with excellent competitive.

Despite, government efforts sufficiently massive to empowering MSMEs, but in its development, MSMEs, especially in Kediri still have some obstacles, that are: (1) MSMEs lack the properties of entrepreneurial excellence, (2) managerial low

capability, (3) lack of motivation, (4) lack of human resources, (5) low entrepreneurial competence, (6) high costs, (7) the limited market access, (8) low in mastery of information technology (9) lack of capital.

In contrast to MSMEs, SOEs as State Owned Enterprises have good human resources and obtain full suport of the government, both in terms of facilities, or capital treatment. It is therefore natural that the community is hoping to benefit from the presence of state-owned enterprises, through corporate social responsibility (CSR). It is rational, that SOEs have functions and roles which are: (1) contribute to the development of the national economy in general and state revenues in particular; (2) actively, participate in providing guidance and assistance to employers of economically weak groups, cooperatives, and community; (3) implementing government policy in the field of economy and development; (4) Fertilizing of funds for financing the construction and (5) to encourage public participation in the field of business.

Partnership Program and Community Development is a form of implementation of the activities of corporate social responsibility (CSR), in especially in State-Owned Enterprises (SOEs). The government's commitment to increase the empowerment of MSMEs through SOE reflected in the Minister of Finance of the Republic of Indonesia No. 316 / KMK 016/1994 on MSME Development Program and the Cooperative by State-Owned Enterprises. Through this policy SOEs are obliged to participate in improving the welfare of society and the environment through the Partnership Program and Community Development by setting aside the profit or income of the company. The policy is then followed by the release of the decision and the minister state regulations, that are: (1) The decision of the Minister of State-Owned Enterprises / Chairman of the Board of Trustees of SOEs No.: KEP-216 / M-PBUMN / 1999 of September 28th, 1999 on the Partnership Program and Community Development SOE , (2) Decree of the Minister of SOEs No.:Kep-236/MBU/2003 dated June 17th, 2003 on SOE Partnership Program with Small Business and Community Development Program, (3) Regulation of the Minister of SOE No .: Per-05 / MBU / 2007 April 27th, 2007 on SOE Partnership Program with Small Business and Community Development Program, and (4) of the Regulation of the Minister of SOE No. PER-07 / MBU / 05/2015 on Partnership Program State Owned Enterprises with Small Business and Community Development Program

Implementation of the decision and the rules above, the pattern of corporate social responsibility can be made through the company's direct involvement, through a foundation or social enterprise organization, in partnership with other companies

and joining a consortium. The form of partnerships and community development programs consist of loans for working capital, special loan-coaching and coaching.

Based on the description above, the research question is how the performance of MSMEs in Kediri with a form of partnership program as a form of corporate social responsibility.

2. Theory

2.1 Definition and criteria for MSMEs

The definition of MSMEs according to Law No. 20 year of 2008 as follows:

a. Micro is a productive enterprise owned by individuals and / or entities that meet the criteria of individual micro businesses, as stipulated in the law.

b. Small Business is an economic enterprise productive which is stand-alone, conducted by an individual or business entity that is not a subsidiary or not a branch of the company owned, controlled, or be a part either directly or indirectly from medium or large businesses that meet the criteria of business small as defined in the legislation.

c. Medium Enterprises is a productive economic activities that stand alone, carried out by an individual or business entity that is not subsidiaries or branches of companies owned, controlled, or be a part either directly or indirectly with a small business or large enterprise with total net assets or annual sales revenue as stipulated by law.

Criteria for Micro, Small and Medium Enterprises (MSMEs) in accordance with Law No. 20 of 2008 are shown in Table 2.

Table 2
MSMEs Criteria

No	Criteria	Criteria	
		Asset (Rp)	Turnover (Rp)
1	Micro Business	Max 50 milliom	Max 300 million
2	Small Business	50 - 500 million	300 million-2,5 billion
3	Medium Business	500 juta-10 miliar	2,5 miliar-50 miliar

Source : Law No.20 Year 2008 about MMSMEs

2.2 Performance of MSMEs

Rue and Byars (1997) defines performance as the level of achievement of results or the level of achievement of organizational goals. The same opinion stated by Fahmi (2010), performance is the result obtained by an organization, whether it is profit-oriented or non-profit oriented organizations which produced during a period of time. According to Armstrong (2004), performance is the result of work that has a strong relationship with the organization's strategic objectives, customer satisfaction and contribute to the economy. Pelham and Wilson (1996) defines the performance of the company as a successful new product as measured by profitability and market development. Market development is measured through sales growth and market share, while profitability measured by operating profits, profit to sales ratio, cash flow from preparation, return on investment, return on assets and the relative quality of the product. The company's performance is a measure of the level of success and the development of MSMEs. Measurement of return on investment, growth in the volume of sales, profits and employment in companies generally performed to determine the performance of companies (Jeaning and Beaver, 1997).

According Wheelen and Hunger (1995) performance of a business, including MSMEs can be seen from the level of sales, profits, business productivity and labor productivity. Rakib (2009) identify indicators that can be used to measure the performance of small businesses, they are the number of types of products, the rate of profit, broad market (sales volume and market reach), the level of satisfaction of self-employment, employment (work engagement) and corporate social responsibility. Hadjimanolis (2000) measure company performance indicators based on the respondent's perception through sales growth, growth in number of employees, ROI (Return on Investment), ROA (Return on Assets), and the control portion of the market. Opinion of Murphy, et al. (1996), quoted by Asmarani (2006) states that the common measure of performance is growth, profitability and efficiency. Sangen research results, (2005) measures the performance of small businesses with indicators of sales growth, profit growth, and the growth of assets. Sandjoyo (2004) measures the performance of small businesses with revenue growth indicator, the sales volume growth, profit growth, business growth and entrepreneurial satisfaction. Majeed (2011) identify indicators of performance of the company are ROA (Return on Assets), and sales growth. Subagyo (2013) to measure the performance of MSMEs with sales growth, profit growth and investment growth and employment growth.

2.3 Corporate Social Responsibility

Policy in CSR program (Partnership Program and Community Development) is an interesting issue in relation to the empowerment of MSMEs. World Business

Council for Sustainable Development defines Corporate Social Responsibility as an ongoing commitment among businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as local communities and society as a whole (Iriantara, 2004). Corporate Social Responsibility is the company's commitment to improve the welfare of the community through good business practices and contributed the most resources of the company (Kotler & Nancy, 2005).

In Indonesia regulation on CSR has been set by the government since 1994 with the issuance of the Decree of the Minister of Finance of the Republic of Indonesia No. 316 / KMK 016/1994 on SME Development Program and the Cooperative by State-Owned Enterprises, which was then confirmed again with the State Minister for State Owned Enterprises no. Kep-236 / MBU / 2003 stipulates that every company must set aside a profit after tax of 1% (one percent) of up to 3% (three percent), for implementing CSR. SOE Partnership Program with Small Business and Community Development Program consists of two activities, namely the retrofitting program small businesses through lending and assistance revolving fund (called Partnership Program) as well as the empowerment of the social conditions surrounding communities (called the Community Development Program). Partnership Program is a formulation of CSR to the state enterprises or companies whose operations are not directly related to the utilization of natural resources such as banking, telecommunications and so forth

Research on CSR and performance of MSMEs has been done by the Djuardi (2007), which concluded there was a significant difference between the effectiveness of small business before and after partnering with a company that provides the partnership program and the results of the regression test gives clear explanation that venture capital loan, technical assistance efforts, entrepreneurial spirit, and supervision simultaneously affect the effectiveness of the effort. Similarly, the results of research Mapisangka (2009) states that there is a relationship between the Corporate Responsibility at the level of prosperity of MSMEs.

2.4 Business Partnership

The business partnership implementation always involve parties who partnered on the basis of mutual help and mutual need of each other with the same desire in the law to achieve their respective goals with the principles of mutual respect. Mudrajad (1997) provide an understanding of Business Partnership is guidance on business cooperation between the various parties are synergistic, are voluntary, and based on the principle of mutual need, mutual support and mutual

benefit, accompanied by the promotion and development of MSMEs by Big Scale Business. According to Hafsah (2000) partnership is a business strategy that is performed by two or more parties in a period of time to achieve mutual benefit with the principle of mutual need and mutual rearing.

In accordance with the provisions of Law No. 20 In 2008 there were six patterns that may be made in the implementation of the partnership include: (a) the pattern of Inti-Plasma; (b) The pattern of Sub-Contract; (c) General Trade Pattern; (d) The pattern Franchise; (e) The pattern of the Agency; and (f) the pattern of others.

2.5 Partnership Program and Community Development

Partnership Program and Community Development is a responsibility of State Owned Enterprises to the community. Partnership implemented on the basis of Law No.19 of 2003 Regarding state-owned enterprises as well as Minister of State Perturan Per-05 / MBU / 2007, which states the intent and purpose of establishment of SOEs not only pursue profits, but rather participate actively provide guidance and assistance to employers of economically weak groups, cooperatives and community (BUMN Ministry, 2010).

CSR has two programs, the first is the partnership between SOE and Small Business with the aim to improve the ability of small businesses to be strong and independent through the use of funds from the profits of SOEs. The second is Community Development Program, it is a program that empowering social conditions of society by the state through the utilization of funds from the profits of SOEs. Total profit allowance for program funding at a maximum of 2% (two percent) of the net profit for the Partnership Program and a maximum of 2% (two percent) of the net profit for the Community Development Program. Meanwhile, according to Deputy Assistant Development Partnership and Environment, the Ministry of State-Owned Enterprises (2010), the actual role of SOE Partnership has a broader scope than the CSR practices carried out by private companies for Partnership Program and Community Development- SOEs are also expected to be able to realize three main pillars of development (triple tracks) , that are: (1) a reduction in the number of unemployed (projob) (2) a reduction in the number of poor (pro-poor) and (3) an increase in economic growth (pro-growth).

Based on SOE Minister Regulation No. Per-5 / MBU / 2007 on partnerships and Community Development Program explained that the funds provided in the form of partnership programs:

   a. Loans to finance working capital or the purchase of fixed assets in order to increase production and sales;

b. Special loan to finance the funding requirements of business activities Partners that are short-term loans and in order to meet orders from business partners Partners;

c. Development Expenses. Expenses are load of activities coaching and reinforcement assistance to foster and enhance the ability of the partners into strong and independent business. Expenses coaching can be used for:

   1) To finance the education, training, apprenticeship, marketing, promotions, and other matters concerning the improvement of the productivity of the partners as well as for studies / research related to the partnership program;

   2) Cost of coaching is a grant and a maximum amount of 20% (twenty percent) of the partnership program funds disbursed in the current year;

   3) Development Expenses can only be awarded to or for the benefit of the partners.

2.6 Framework

This study aims to determine the effect of partnerships that influence the performance of MSMEs. Based on some previous studies proved that CSR has a positive and significant relationship to the welfare of empowerment of MSMEs, so that in this research, the framework can be illustrated below:
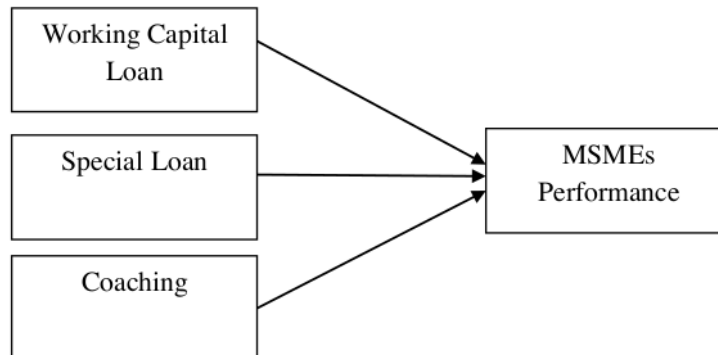
Picture 2.6 Framework

2.7 Hypothesis

Based on the study of theory and frame of the above, the proposed hypothesis is as follows:

a. There is a positive and significant influence among the partnerships by providing working capital loans to the performance of MSMEs in Kediri.
b. There is a positive and significant influence among the partnerships by giving a special loan to the performance of MSMEs in Kediri.
c. There is a positive and significant influence between mekaukan partnership with coaching on the performance of MSMEs in Kediri.
d. There is a positive and significant influence between form partnerships with mekakukan granting working capital loans, special loans and coaching together on the performance of MSMEs in Kediri.

3 Research Methodology

3.1 Object Study

The objective of study in this research are the factors that affect the performance of MSMEs through a partnership program for environmental development. These factors are partnerships in the provision of working capital loans, specialized lending and coaching. The type of research is descriptive quantitative research, the research aims to find an overview of the characteristics of the population studied. Explanatory research focuses on the relationship between independent and dependent variables and test hypotheses that have been built before. This study uses the MSMEs who've formed a partnership with state-owned.

3.2 Research Variables

The variables in the study consisted of the independent variable (X), which includes lending working capital variable (X1), special lending variable (X2) and coaching variable (X3), while the dependent variable (Y) is the performance of MSMEs. The boundaries used in the operationalization of variables can be seen in the following table:

Table 3.2 Operationalization of variables

Variables	Variable Concept	Indicator	Measurement Scale
Working Capital Loan	Loans to finance working capital or the purchase of fixed assets in order to increase production and sales;	1) Term of loan 2) The amount of loans 3) Interest Rate	Likert

		4) How to refund	
Special Loan	Special loan to finance the funding requirements of business activities Partners that are short-term loans and in order to meet orders from business partners Partners	1) Term of loan 2) The amount of loan 3) Interest Rate 4) How to Refund	Likert
Coaching	Coaching load is a load of guidance and assistance retrofitting activities to foster and enhance the ability of the partners into the business which is strong and independent	1) Training of business management 2) Training of marketing 3) Training of bookkeeping 4) Promotion and Exhibition	Likert
MMSMEs Performance	Partnership Program / CSR, one of which is intended to improve the welfare of MSMEs.	1) Increasing Managerial 2) Capital Increase 3) Increased Production 4) Increased Distribution / Marketing 5) Increased Income	Likert

3.3 Test Validity and Reliability

Tables 3 and 4 show the results of validity and reliabiltas on indicators and variables studied.

3.3.1 Validity of Test Results

Table 3
Test of Validity Results

No.	Variable	r Count	r Table	p. Value	Information
1	Working Capital Loan				
	X1.1	0.753	0,334	0,000	Valid

		r Count	r Table	p. Value	
	X1.2	0.534	0,334	0,000	Valid
	X1.3	0.621	0,334	0,000	Valid
	X1.4	0.431	0,334	0,000	Valid
	X1.5	0.557	0,334	0,000	Valid
	X1.6	0.690	0,334	0,000	Valid
	X1.7	0.690	0,334	0,000	Valid
	X1.8	0.690	0,334	0,000	Valid
2	**Special Loan**	**r Count**	**r Table**	**p. Value**	**Keterangan**
	X2.1	0.443	0,334	0,008	Valid
	X2.2	0.338	0,334	0,047	Valid
	X2.3	0.802	0,334	0,000	Valid
	X2.4	0.367	0,334	0,007	Valid
	X2.5	0.520	0,334	0,000	Valid
	X2.6	0.450	0,334	0,007	Valid
	X2.7	0.426	0,334	0,011	Valid
	X2.8	0.635	0,334	0,000	Valid
3	**Coaching**	**r Count**	**r Table**	**p. Value**	**Informatiom**
	X3.1	0.813	0,334	0,000	Valid
	X3.2	0.687	0,334	0,000	Valid
	X3.3	0.752	0,334	0,000	Valid
	X3.4	0.441	0,334	0,008	Valid
	X3.5	0.441	0,334	0,008	Valid
	X3.6	0.441	0,334	0,008	Valid
	X3.7	0.441	0,334	0,008	Valid
	X3.8	0.441	0,334	0,008	Valid
4	**MMSMEs Performance**	**r Count**	**r Table**	**p. Value**	**Information**
	Y.1	0.676	0,334	0,000	Valid
	Y.2	0.671	0,334	0,005	Valid
	Y.3	0.665	0,334	0,000	Valid
	Y.4	0.371	0,334	0,020	Valid
	Y.5	0.529	0,334	0,000	Valid
	Y.6	0.598	0,334	0,000	Valid
	Y.7	0.486	0,334	0,015	Valid
	Y.8	0.411	0,334	0,022	Valid

Sources: Primary data processed (2016)

Based on the validity of the test conducted on independent variables CSR Goal, CSR Issues and CRP as well as the dependent variable the performance of

MMSMEs, of the overall indicator on each variable significance value that is smaller than 0.05. While the value of the correlation coefficient is generated each indicator is greater than r table. It shows that each indicator variable is declared valid.

3.3.2 Reliability Test Results

Reliability test in this study using Alpha formula. According Ghozali (2005) said to be reliable if the Cronbach's alpha values greater than 0.6. Reliability testing results for each variable are summarized in the following table:

Table 4
Reliability Test Results

Variables	Alpha	Information
Working Capital Loan	0.691	Reliable
Special Loan	0,723	Reliable
Coaching	0,772	Reliable
MMSMEs Performance	0,636	Reliable

Sources: Primary data processed (2016)

According to the table 4.8 obtained the entire data item to the variable working capital loan (X1) of 0691, a special loan (X2) of 0723, and coaching (X3) of 0772 and the performance of MSMEs (Y) of 0636 proved that the value is greater than the value of Cronbach's alpha which is equal 0.6. From Table 4.7 also shows that all variables have a large enough alpha coefficient is above 0.60 or it can be said all the indicators of each variable of the questionnaire is reliable. So that the items in each of these variables to use as a measuring tool.

3.4 Population and Sampling Methods

The research was conducted on MSMEs in Kediri who had been trained partners SOE. The sampling method is done by using purposive sampling technique, meaning is determined by considering the purpose of research is based on some predetermined criteria. The population in this study covers all MSMEs who had been trained partners SOEs through CSR. While the sample size in this study is MMSMEs who had been a partner of SOEs at least 2 years. The sample was amounted to 35 MSMEs with varied business sectors.

The data used are primary and secondary data. Primary data questionnaire survey and in dept interview from MSMEs who had been trained partners SOE.

Secondary data is data from BPS and Department of Cooperatives and MMSMEs Kediri.

3.5 Method of Data Analysis

The analytical method used is multiple linear regression, which measures the intensity of the two variables, namely the independent variables and the dependent variable, and make a prediction value of the dependent variable (Y) on the basis of the value of the independent variable (X), with the formula:

$$Y = a + b1x1 + b2X2 + b3X3 + e$$

Inforrmations:
Y   = Variable MSMEs performance
a   = magnitude intercept or constant
X1   = variable working capital loan
X2   = variable specific loan
X3   = variable coaching
b1-b3   = coefficient of variables X1, X3 X2dan
e   = standard error or mistake bully

Furthermore, the hypothesis was tested using partial test (t test) and a simultaneous test (F test) by using the 5% significance level.

4. The Results of Analysis and Discussion

4.1 Result Analysis
4.4.1 Classic Assumption Test
   a. Normality test

   Normality test is done by looking at the normal chart propability plot (P-P Plot) comparing the cumulative distribution of the normal distribution. If the data were normally distributed, then the line that represents the actual data will follow the diagonal line. Results output V. SPSS for Windows 16.0 for normality test is shown in the following picture.
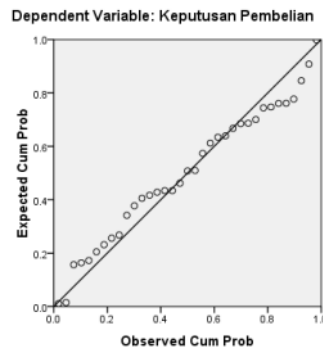
Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Keputusan Pembelian

Figure 4.2 Normality Test Result

Based on Figure 4.2 can be explained that the data is spread around the diagonal line and follow the direction of the diagonal line. Therefore, it can be stated that the data in these variables normal distribution. Thus the regression products meet the assumptions of normality, because the data is the result of respondents' working capital loan, specific loan, coaching and performance of MSMEs in the diagonal lines.

b. Multicollinearity Test

Multicolinearity test is aims to test whether the regression model found a correlation between independent variables. A good regression model should not occur between the independent variables. Multicolinearity test results can be seen in table 4.8 below.

Table 4.1
Multicollinearity Test

Model	Colinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Working Capital Loan	.297	3.369
Spesific Loan	.254	3.941

	.448	2.230
Coaching		

a) Dependent Variable: SME Performance

Sources: Primary data is processed (2016)

From Table 4.1, it is shown that the regression model is not impaired multikolinearitas. It is shown tolerance values for the three variables more than 0.10. While the VIF value calculation shows that all independent variables have a value of less than 10. From these values it can be concluded that there is no multicollinearity between independent variables in the regression model.

c. Autocorrelation Test

According to Ghozali (2005) autocorrelation test aims to test whether a linear regression model was no correlation between bullies error in period t with error t-1 (previous). If there is a correlation then called autocorrelation problem. A good regression model is a regression that is free from auto correlation. The following table is the result of autocorrelation test.

Table 4.2
Autocorrelation Test
Model Summary[b]

Model	Durbin-Watson
1	1.759

a) Predictors: (Constant), working capital loans, special loans, coaching

b) Dependent Variable: SME Performance

Sources: Primary data is processed (2016)

According to the table 4.2 value Durbin Watson (DW) produced was 1.759; the value of du (3.44) = 1.66 so that the four-du = 4 to 1.66 = 2.34. Thus, 1.66 <1.759 <2.34 and can be summed value Atson Durbin (DW) is located between du 1.66 s / d 2.34 so the assumption of autocorrelation have been met.

d. Heteroskidastity Test

Testing heteroscedasticity done using Scatterplot. The test results on the attachment as well as in the image below:
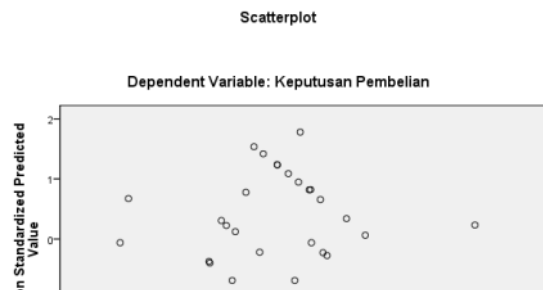
Scatterplot

Dependent Variable: Keputusan Pembelian

Figure 4.3
Heteroskidastisity Test

Based on the results of heteroskedastisity test in figure 4.3 can be explained that the points do not form a particular pattern and dots spread above and below the number 0 on the Y axis This shows that the regression model did not happen heteroskedastisitas. So it can be interpreted that the data from the respondents of working capital financing, special financing and coaching do not have standard deviations of the same data on the performance of MSMEs.

4.1.2 Multiple Regression Analysis

Multiple linear regression analysis is used in this study, with the aim to determine whether there is influence of independent variables on the dependent variable. Summary of the results of data processing using SPSS for Windows V. 16.0. are as follows:

Table 4.4
Result Summary of Multiple Linear Regression

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.266	4.518		2.494	.018
	Working Capital Loan	.231	.100	.273	2.309	.028
	Special loan	.002	.103	.002	.021	.984

Coaching	.601	.109	.654	5.496	.000

a. Dependent Variable: MSMEs Performance

Source : Primary data processed (2016)

Based on these results if it is written in the form of standardized regression equation is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3$$

$$Y = 11,266 + 0,231 X_1 + 0,002 X_2 + 0,601 X_3$$

The multiple regression equation is described as follows:

a. The value of the constant (a) of 11.266. This means that if a variable working capital loans (X1), special loan (X2) and coaching (X3) assumed to have no effect at all (= 0), then the performance of MSMEs amounted to 11.266

b. Variable working capital loan (X1) has a regression coefficient of 0.231. This shows that if the working capital loan variables (X1) rose 1 point, while the special loan variables (X2) and coaching (X3) fixed, then the performance of MSMEs (Y) will increase by 0.231 units.

c. Variable special loans (X2) has a regression coefficient of 0.002. This implies that if a special loan variables (X2) rose 1 point, while the working capital loan variables (X1) and coaching (X3) fixed, then the performance of MSMEs (Y) will increase by 0.002 units.

d. Variable coaching (X3) has a regression coefficient of 0.601. This indicates that the variable if the variable coaching (X3) rose 1 point, while the working capital loan variables (X1) and special loans (X2) remains, then MSMEs performance will increase by 0.601 units.

Based on the standardized coefficients is known that among the variables working capital loan (X1), special loan (X2) and coaching (X3), the dominant influence on the performance of MSMEs Kediri is coaching. Coaching is done by the state through the Partnership Program and Community Development, with standardized Coefficients 0.654, followed by working capital loans (0.273) and special loans (0,002).

4.1.3 Hypothesis Testing

a. Partial Test (t test)

The t-test is a test to determine the effect of independent variables partially or individual on the dependent variable. Ho is rejected and Ha accepted if t count > t table, or the significant value of output <value tolerance of 5% (0.05). T test results of this research can be seen in the table4.4 above, with the explanation, as follows:

1) Effect of working capital loans to MSMEs performance

Based on t test results known that tcount (2.309) <t table (1.891) and a significant value output of 0.028 <0.05. It means that Ho refused and H1 accepted, which means there is significant effects between the provision

of working capital loans to the performance of MSMEs in Kediri.

2) The effect of granting preferential loans to the performance of MSMEs

Based on t test results known that tcount (0.21)> t table (1.891) and a significant value output amounted to 0.984> 0.05. It means that Ho is accepted and H1 refused, which means there is no significant effects between the special loan and the performance of MSMEs in Kediri.

3) The effect of coaching on the performance of MSMEs

Based on t test results known that tcount (5.496)> t table (1.891) and a significant value output of 0.000 <0.05. It means that Ho refused and H1 accepted, which means there is significant effects between the coaching is done through partnerships on the performance of MSMEs in Kediri.

b. Simultaneous Test (F test)

F test is used to determine whether all the independent variables included in the regression model have influence together to dependent variable. By using SPSS version 16, the F test results can be seen in the following table:

Table 4.5
Simultaneous Test Result

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	96.604	3	32.201	15.606	.000[a]
	Residual	63.967	31	2.063		
	Total	160.571	34			

a. Predictors: (Constant), Working Capital Loan, Special Loan, Coaching

b. Dependent Variable: MSMEs Performance

Source: Primer Data Processed (2016)

Based on the above table are known that the value of F count (15.606) > F table (2.88) and a significant value 0.000 < 0.05. Thus means that Ho is rejected and Ha accepted. This means that the form of SOEs partnership are realized in the form of working capital loans, special loan and coaching simultaneously have a significant influence on the performance of SMEs in Kediri.

4.2 Discussion

4.2.1 Influence of lending to MSME performance in Kediri

One of the obstacles in the development of MSMEs is the lack of capital, because the majority of the financial capital supplied by their own. Actually MSMEs

can submit funding from banks, but the problems MSMEs are constrained by collateral. To help MSMEs to have capital, Partnership Program and Community Development have lending program funds to MSMEs that can be used to finance working capital needs and or purchase of fixed assets in order to increase production and sales.

The results showed that the provision of working capital loans made through partnerships and community development program positive and significant impact on the performance of MSMEs in Kediri. Working capital is a very important assets in MSMEs, because the working capital used to finance business operations. With insufficient working capital requirements, the operational activity of MSMEs would run smoothly, so the faster inventory turnover is resulted in increasing sales turnover. The results supported by the research conducted by the Top (2011), which concluded that partially there is influence between the variables of working capital loan to the performance of MSMEs. Similarly, research conducted by Nofianti (2011) concluded that (1) the financing of micro, small and medium enterprises (MSMEs) are distributed by the Rural Banks (BPR) in Bali a significant and positive impact on the performance of MSMEs.

4.2.2 Effect of special loans to SME performance in Kediri

At certain moments the majority of MSMEs receive special order requests from partner / buyer. Special orders represent an opportunity for MSMEs to increase sales turnover. Problems occur if the capital loan only afford sufficient for regular production, and if a special order is not fulfilled, MSMEs lose the opportunity to benefits. On this issue, the state through partnerships and community development programs to facilitate MSMEs with loans and short-term.

Based on this research, the provision of special loans have positif effect but not significant on the performance of MSMEs. This was caused, not many MSMEs which become the sample of this research that utilize this special loan, given the frequency of occurrence of special order not comparable with the bureaucracy in the processing of loan applications requirements.

4.2.3 The effect of coaching on the Performance of MSMEs in Kediri

Coaching is an activity meant retrofitting guidance and assistance to foster and enhance the ability of the partners into business which is strong and independent. Guidance to the partners carried out by providing entrepreneurial training, marketing, bookkeeping and promotion and facilitation of the exhibition.

Hypothesis testing results show that there is a positive and significance influence between coaching by providing training and MSMEs performance. With entrepreneurship training MSMEs have increasing in confidence, motivated to succeed, creative thinking, innovative and work effectively and efficiently. Related to accounting, in general, MSMEs are still not doing bookkeeping well, so with bookkeeping training to make the financial records of MSMEs to be better, there is a separation between personal wealth with a wealth of business. Marketing is the key to business success. Most MSMEs can only produce, but are not able to market. With marketing training, then hoping that MSMEs can understand the marketing mix and marketing strategies for their products. Similarly, the facilitation of SME products exhibition made known by the public. The findings of this study support the research conducted by Subagyo (2013), which concluded that the education and training of positive and significant impact on the performance of MSMEs in Kediri

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4.2.4 Influence of Corporate Goal, Corporate Issues and Corporate Relations Program of the SME Performance

On all the 4 hypothesis testing shows that working capital loan, special loan, and coaching simultaneously have a significant influence on MSMEs Performance. Working capital loans, special loans, and coaching contributed 53.5% to MSMEs Performance. If viewed from the standardized beta coefficients showed that the dominant variable influencing MSMEs Performance is coaching variable, the next working capital loan, and special loan. People are the dominant variable, for customers in the capital market is the customers who frequent contact with staff, therefore service was good and competent staff is a major factor in determining purchasing decisions. This is consistent with results of previous studies conducted by Ulina (2008) and in the journal written by Sukotjo and Radix (2010) which states that the variable place, people and promotion simultaneously significant effect on purchasing decisions.

5. Conclusions and Recommendations
5.1 Conclusion

Based on the results of research and discussion about the influence form the partnership program on the performance of MSMEs in Kediri, it can be concluded as follows:

a. Partnership Program and Community Development to provide working capital loans have positive and significant effect on the performance of MSMEs in Kediri.

b. Partnership Program and Community Development to provide special loans have positive but not significant effect on the performance of MSMEs in Kediri.

c. Partnership Program and Community Development to provide training coaching have positive and significant effect on the performance of MSMEs in Kediri.

d. Partnership Program and Community Development to provide working capital loans, special loans and development-fostering have positive and significant effect on the performance of MSMEs in Kediri.

5.2 Suggestions

Based on the findings and conclusions in this study, some suggestions were put forward as follows:

a. Coaching proved the dominant influence on the performance of MSMEs, and therefore suggested the SOEs to further improve guidance to MSMEs, both in terms of entrepreneurship, accounting, marketing and also facilitation of the exhibition. Preferably in post-training also followed by mentoring. In this case the SOE can also collaborate with Universities or Business Development Serviceswhere MSMEs are located, making it more effective and efficient.

b. Based on the findings, special financing has no significant effect on the performance of MSMEs, to the partnership and environmental funds that are reserved for special financing can be partially diverted in the form of coaching, thus increasing the performance of MSMEs.

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