

单位代码: 10010

学 号: 2018220056



北京化工大学

# 硕士研究生学位论文

题 目 The Role of Equity Crowdfunding  
on The Development of MSMEs in  
Indonesia (Case study in PT. Santara  
Daya Inspiratama)

专 业 Business Management

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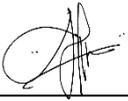
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日 期: 2021年 06月 07日

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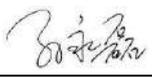
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中图分类号	F273.1	学科分类号	630.40	
论文编号	1001020210056	密 级	公开	
学位授予单位代码	10010	学位授予单位名称	北京化工大学	
作者姓名	ELMY NUR AZIZAH	学 号	2018220056	
获学位专业名称	企业管理	获学位专业代码	120202	
课题来源	非立项	研究方向	战略管理	
论文题目	The Role of Equity Crowdfunding on The Development of MSMES in Indonesia (Case Study in PT Santara Daya Inspiratama)			
关 键 词	Equity Crowdfunding, Equity Crowdfunding Company (Santara), Micro Small And Medium Enterprises			
论文答辩日期	2021年6月7日	* 论文类型	其他	
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二. 中图分类号在《中国图书资料分类法》查询。

三. 学科分类号在中华人民共和国国家标准(GB/T 13745-9)《学科分类与代码》中查询。

四. 论文编号由单位代码和年份及学号的后四位组成。

## **The Role Of Equity Crowdfunding On The Development Of MSMEs In Indonesia (Case Study In PT Santara Daya Inspiratama)**

### **ABSTRACT**

MSMEs are one of the efforts to support the pace of the Indonesian economy. MSMEs are able to absorb a lot of workforce who can reach small communities tucked away in cities or communities that are indeed far from the city. Apart from being a support for the economic pace, MSMEs are also able to reduce the problem of the number of unemployed in Indonesia. However, in other conditions, MSMEs still face problems, one of which will bring uneven business capital. There are still many MSMEs that have not been touched by banks or on the other hand, there are those who receive revenue in the process of financing business capital from banks. The presence of industry 4.0, which changes all aspects of people's life from conventional to completely digital, provides an opportunity for one of the Equity Crowdfunding platforms as an alternative that can contribute to developing MSMEs in Indonesia.

Therefore, the purpose of this study is to analyze the role of equity crowd funding of MSMEs in Indonesia. Given that equity crowdfunding is a relatively new platform in Indonesia, it makes this topic interesting to discuss and research. The research method used in this research is quantitative quantitative research. The population in this study is an alternative equity crowdfunding company that has been registered with the Financial Services Authority (OJK), namely PT Santara Daya Inspiratama (Santara) and UMKM which is a publisher at PT Santara Daya Inspiratama (Santara). For the analysis of the UMKM unit, this study took 13 UMKM from all UMKM that became publishers in Santara. The method of collecting data in this study was carried out by two methods, namely interviews and documentation (in the form of notes, books, journals, etc.) and the following methods were related to

questionnaires to obtain data from respondents, namely MSMEs. The variables that will be measured and observed are the providers of funds, financial facilitators and management facilitators.

The results of this study indicate that although Santara is an equity company that has not been established for a long time, Santara's role as an alternative provision of funds in developing MSMEs in Indonesia has received a positive response. This can be seen from Santara being able to meet the capital requirements needed by MSMEs in running and developing their business. The profit-sharing system that is implemented is not burdensome and does not make it difficult for MSMEs because it is dynamic in accordance with the conditions of the company, which may not make a profit in running its business but sometimes experience a loss. By utilizing online media for promotion that makes it easier for MSMEs to get information about the system offered by Santara. The use of online media is also a form of introduction and financial literacy for all MSMEs in Indonesia. Santara has played its role in assisting the preparation of financial accounts and reports for MSMEs. Santara has also started to carry out the role of providing training and assistance in the use of funds, by means of periodic checks and mentoring. In addition, Santara has carried out its role to help provide advice and advice on business management to be better and to help provide advice and advice in making business plans.

Suggestions that can be given so that Santara can play a better role is to further enhance his role in the future, the implementation of roles that can reach more to reach all MSMEs. Santara and the government are expected to be more aggressive in providing socialization regarding the existence of Santara as an alternative to providing funds to MSMEs in Indonesia. Integrated cooperation between Santara and the central and local governments is needed to further increase technical assistance to MSMEs, so that MSMEs can compete in national and international markets.

**KEYWORDS:** Equity Crowdfunding, Equity Crowdfunding Company (Santara), Micro Small And Medium Enterprises.

## 股权众筹在印尼中小微企业发展中的作用 (PT Santara Daya Inspiratama 案例研究)

### 摘要

中小微企业是支持印尼经济发展步伐的努力之一。中小微企业能够吸纳大量劳动力，这些劳动力可以到达城市中的小社区或远离城市的社区。中小微企业不仅能支持经济发展，还能减少印尼的失业人数。但是，在其他条件下，中小微企业仍然面临着一些问题，其中之一就是会带来企业资金的不均衡。还有很多中小微企业没有被银行触及，另一方面，也有一些中小微企业在向银行融资的过程中获得收入。工业 4.0 的出现，改变了人们生活的方方面面，从传统到完全数字化，为一个股权众筹平台提供了一个机会，作为一个替代方案，有助于发展印度尼西亚的中小微企业。

因此，本研究旨在分析印尼中小微企业股权众筹的作用。鉴于股权众筹在印尼是一个相对较新的平台，因此讨论和研究这个话题很有意思。本研究采用的研究方法是定量研究。本研究的人群是一家在金融服务管理局(OJK)注册的另类股权众筹公司，即 PT Santara Daya Inspiratama (Santara) 和 UMKM，后者是 PT Santara Daya Inspiratama (Santara) 的出版商。对于 UMKM 单元的分析，本研究从桑塔拉成为出版商的所有 UMKM 中选取了 13 个 UMKM。本研究的数据收集方法采用访谈法和文献法（以笔记、书籍、期刊等形式）进行，以下方法与问卷调查相结合，从被调查者即中小微企业获取数据。将要衡量和观察的变量是资金提供者、财务促进者和管理促进者。

本研究的结果表明，虽然桑塔拉是一家股权公司，成立时间不长，但桑塔拉作为印度尼西亚发展中小微企业的替代资金的作用得到了积极的回应。这可以从 Santara 能够满足中小微企业运营和发展业务所需的资本要求看出。实施的利润分成制度并不繁重，也不会给中小微企业带来

困难，因为它是根据公司的情况动态变化的，企业在经营中可能不盈利，但有时会亏损。利用网络媒体进行宣传，使中小微企业更容易获得桑塔拉系统的信息。使用网络媒体也是印度尼西亚所有中小微企业的一种介绍和财务知识的形式。Santara 在协助编制中小微企业财务账目和报告方面发挥了作用。桑塔拉还开始发挥作用，通过定期检查和指导，提供资金使用方面的培训和援助。此外，桑塔拉还发挥了其作用，帮助提供咨询和意见，使企业管理更好，并帮助提供咨询和意见，制定商业计划。

可以给出的建议是，让桑塔拉能够更好地发挥作用，就是要在今后进一步加强自己的作用，使作用的实施能够更深入到所有中小微企业。预计 Santara 和政府将更积极地提供社会化服务，将 Santara 作为向印度尼西亚中小微企业提供资金的替代方案。需要桑塔拉与中央和地方政府进行综合合作，进一步增加对中小微企业的技术援助，使中小微企业能够在国内和国际市场上竞争。

**关键词：**股权众筹，股权众筹公司（Santara），微型中小企业

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## List of Abbreviations

MSMES	Micro, Small and Medium Enterprises
ECF	Equity Crowdfunding
GDP	Gross Domestic Product

## CHAPTER 1 Introduction

### 1.1 Research Background

The industrial era 4.0 is an era with the rapid development of digital technology in various fields. Some of the potential benefits include improved production flexibility speed, improved customer service and increased revenue. The realization of these potential benefits will have a positive impact on the economy of a country <sup>[1]</sup>. This era is a major challenge in itself for Indonesia to formulate strategies that can later be applied to industries that support the Indonesian economy. Delivered by the Ministry of Industry in 2018, Indonesia will promote 10 national priorities in the “Making Indonesia 4.0” initiative<sup>[2]</sup>. One of the 10 national priorities that will be emphasized by Indonesia is the empowerment of MSMEs, because nearly 70 percent of Indonesia's workforce works for micro, small and medium enterprises (MSMEs).

In addition, when the crisis hit Indonesia around 1997-1998, MSEs proved to be standing firm when other large businesses collapsed. This is because in general, MSMEs produce consumer goods and services that are close to the needs of the community. In addition, MSEs do not rely on imported raw materials and make more use of local resources, including human resources, capital, raw materials, and equipment (CIDES, Center for Information and Development Studies). However, the development of MSMEs is still hampered by various problems, such as the accessibility of financing for business capital, which is one of the most crucial problems among other problems <sup>[2]</sup>. According to the <sup>[3]</sup>, MSEs still have problems from conventional sources of financing such as banks which are considered to have difficult administrative requirements with a limited loan value. Capital problems will certainly hinder MSMEs, especially from starting a business, expanding their business and advancing in business class.

Therefore, fintech is here to be an alternative venture capital funding for MSMEs. Fintech comes from the term financial technology, according to The National Digital Research Center (NDRC), in Dublin, Ireland, defines fintech as "innovation financial services" which is an innovation in the financial sector that gets a touch of modern technology. Many fintech platforms have emerged, one of which is Equity Crowdfunding which is a financial service activity in the capital market sector (POJK Equity crowdfunding article 4 paragraph 1) which has the goal of providing venture capital funding for MSMEs as a solution to solving problems for MSMEs that are still untouched or rejected by the bank. According to Luthfy Zain Fuady, Deputy Head of Capital Market

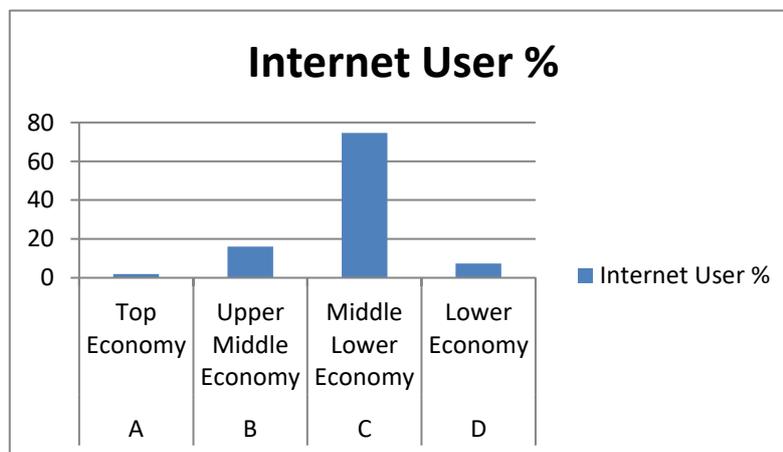
Supervision 1A OJK (25/11), said that as of September 2020, there were 16,965 investors who had channeled funds worth Rp 153.91 billion to 111 SMEs. Equity crowdfunding work system helps a business or project to raise funds with mutual funds. Participation funds from investors will be a proportion of share ownership. The pandemic that occurred in 2020 did not have an impact on the crowdfunding business. The conditions in which many people actively work from home and live at home provide opportunities for many online businesses to develop faster (Chief Business Officer Santara, Krishna, 2020).

**Table 1-1 Equity Crowdfunding (ECF) Funding Details**

<b>ECF organizers</b>	<b>Investors</b>	<b>Fund Distribution</b>	<b>Issuer</b>
PT Santara Daya Inspiratama (Santara)	15171	95,58 billion	68
PT Investasi Digital Nusantara (Bizhare)	1225	29,92 billion	39
PT Crowddana Teknologi Indonusa	569	28,4 billion	4
<b>Total</b>	<b>16965</b>	<b>153,9 billion</b>	<b>111</b>

Source: Deputy Head of Capital Market Supervision 1A OJK (2020)

As regulated in POJK Number 37 / POJK.04 / 2018, currently information technology has been used to develop the financial industry which will be able to encourage the growth of alternative funding for the business world and investment media for the public. In addition, Secretary General of APJII (Association of Indonesian Internet Service Providers) Henri Kasyfi Soemartono in a Press Conference in Jakarta (2018) said that the current number of internet users is dominated by the lower middle class of 74.62 percent, this shows that the middle class is part of the subconscious is aware of the existence of the internet as an important information technology.



**Chart 1-1 Percentase of Internet User**

Source: Indonesian Internet Service Providers Association (APJII, 2018)

This really needs to be utilized by crowdfunding equity-based financing service companies to help the community of UMKM players achieve equity and increase the development of MSME players themselves. Of course, its development in the role of business capital financing companies for MSMEs has been successful or not. Therefore, researchers are interested in conducting an analysis that is more related to the role of equity crowdfunding companies in the development of MSMEs in Indonesia.

## **1.2 Research Problem**

Based on the description above, the problems in this study can be identified, as follows:

1. What is the role of equity crowdfunding companies in the development of MSMEs in Indonesia?
2. What policy roles can support the development of MSMEs in Indonesia?
3. How does the role of equity crowdfunding companies affect the development of MSMEs in Indonesia?

## **1.3 Research Purpose**

Indonesia is a developing country with the largest population number 4 in the world, of course the state of the economy at home and abroad will always be a discussion that will continue to be observed, researched, developed, then given solutions to overcome any problems that are currently and will arise in the future . MSMEs are one of the efforts to support the pace of the Indonesian economy. MSMEs are able to absorb a lot of workforce who can reach small communities tucked away in cities and communities that are indeed far from the city. In addition to being a support for the economic pace, MSMEs are also considered capable of reducing the problem of unemployment in Indonesia. However, in other conditions, MSMEs still face problems, one of which is the uneven financing of business capital. There are still many MSMEs that have not been touched by banks or on the other hand, there are those who accept refusals in the process of obtaining business capital financing from banks. The presence of industry 4.0 which changes all aspects of people's lives from conventional to all digital, provides an opportunity for the emergence of an Equity Crowd Funding platform as an alternative financing that will contribute to developing MSMEs in Indonesia. Therefore, the aim of this study is to determine the role of equity crowd funding in the development of MSMEs in Indonesia.

## **1.4 Significance**

Based on the description of MSME problems above, the significance of this research is expected to contribute to business practices and their implications for social change. With the problem of financing for MSMEs and the solutions offered by the government and digital financing institutions, it is hoped that the results of this study can help provide additional knowledge about equity crowdfunding for MSMEs in particular and for people who do not understand the existence of this platform in general.

## **1.5 Innovation Point**

Crowdfunding is a digital-based non-bank financial institution platform that is still new in Indonesia. Many researchers have already researched crowdfunding, but research related to the type of crowdfunding, namely equity crowdfunding, is still rare. The innovation of this research is that this research links one of the equity crowdfunding companies, namely PT Santara Daya Inspiratama, which is the first equity crowdfunding company to obtain permission from the Indonesian government with MSMEs in Indonesia. This innovation was finally formulated to examine the role of equity crowdfunding (Santara) companies in the development of MSMEs in Indonesia.

## CHAPTER 2 Literature Review

### 2.1 Background Theory

#### 2.1.1 Inclusive Financial Theory

After the 2008 crisis that hit, the term financial inclusion emerged as one of the effects of the crisis on groups / groups in the bottom of the pyramid (low and irregular incomes, living in remote areas, people with disabilities, workers who do not have legal identity documents, and the community. periphery), which generally have a very high unbanked problem outside of developed countries <sup>[5]</sup>. Being a country with a geographic population scattered among the islands, Indonesia still faces challenges regarding equitable development and economic development, one of which is financial inclusion. Financial inclusion has become an interesting topic of discussion in the global development process, and is widely regarded as a strategic policy tool to promote growth and stability while reducing poverty <sup>[6]</sup>.

The issue of financial inclusion is a serious concern for the Indonesian government which is manifested through people's access to financial services, so that later it is expected to increase economic capacity, pave the way out of poverty and reduce economic inequality. This is evidenced by the government with the issuance of PERPRES RI Number 82 of 2016 concerning the National Strategy for Financial Inclusion, which states that inclusive finance is a condition when every member of society has access to various quality formal financial services in a timely, smooth and safe manner at affordable costs. according to the needs and abilities in order to improve the welfare of the community. In the SNKI (National Strategy for Financial Inclusion) it is stated that innovation and use of information technology is one that can help achieve the goal of expanding and equitable access to the use of financial products <sup>[7]</sup>.

In addition, in the explanation of POJK Number 76 / POJK.07 / 2016, it mandates that increased financial inclusion can be realized through the trilogy of consumer empowerment (1) the availability of public access to institutions, products and / or financial services; (2) availability of financial products and / or services in accordance with the needs and capabilities of consumers and / or society. The availability of these financial products and / or services can be obtained through the creation of schemes or development of financial products and / or services so that in the end they can be utilized by the whole community, especially the middle to lower class. and (3) aspects of consumer protection which indirectly play an important role in financial stability and economic growth of a country. In order to

realize the goal of increasing financial inclusion in Indonesia, the OJK (Financial Services Authority) has officially issued regulations related to one of the technology-based financial services (Fintech), namely equity crowdfunding, which is a crowdfunding service platform through stock offering, which was issued in <sup>[8]</sup> on December 31, 2018. The regulation is expected to provide space for people who have pioneering businesses or start-up companies to gain access to business capital financing in the capital market as well as to increase financial inclusion in Indonesia.

## 2.2 Previous Studies

Equity crowdfunding is an interesting discussion in the scope of financial technology (crowdfunding). Although the ratification of equity crowdfunding in Indonesia is relatively new, there have been many studies examining this platform. As for some of these researchers, namely:

Research conducted by Rahmawati Apriliani, Anju Ayunda, and Sarrah Fitriani Fathurochman (2019) which examined the awareness and perception of Micro and Small Businesses on Islamic crowdfunding. There are two independent variables in this study, namely awareness and perception. The awareness variable aims to determine the extent to which MSEs know about sharia crowdfunding, especially those that function as a source of business capital, while the perception variable aims to determine how MSEs perceive sharia crowdfunding as an alternative to business capital. Based on the results of the calculations that have been made, it is known that MSEs awareness of the existence of crowdfunding is still low. This is due to the lack of socialization which is considered not implemented by both the crowdfunding platform and the government, besides that the lack of literacy of MSEs towards finance is also the cause of the lack of distribution of information regarding crowdfunding. However, the perception variable shown by MSEs on sharia crowdfunding as an alternative to business financing is very good. This perception can become the capital for the development of crowdfunding platforms in Indonesia<sup>[9]</sup>.

The next research was carried out by Cindy Indudewi Hutomo (2019), regarding Equity Crowdfunding Services through Equity Crowdfunding. The method in this research uses normative juridical research, which is research based on statutory regulations and binding legal norms that are directly related to the subject matter. The results of this study indicate that equity crowdfunding as an alternative source of financing outperforms the initial public offering of shares (IPO), basically because it is practical and simple, so it does not require large costs and without the involvement of a number of professions and supporting institutions such as professions and capital market supporting institutions. In addition, the

growth of the internet has resulted in a shift of society behavior, including online businesses that have penetrated the market and have changed conventional business practices. As a result, not a few large companies that cannot adapt have experienced a decline in both revenue and profit, and many have even been forced out of business. Meanwhile, the collapse of these large companies at the same time has opened up opportunities for internet technology-based start-ups and small-to-medium enterprises. With regard to changes in social and economic dynamics that tend to equal entrepreneurial opportunities, equity crowdfunding is increasingly in demand as an alternative source of financing that is practical, simple and fast<sup>[10]</sup>.

Maria Kukurba and Aneta Waszkiewickz from Warsaw university of Technology and Warsaw School of Economics, Poland (2018) conducted a study on Crowdfunding as a Form of Funding for Business in the Culturally-Changing Global Economy: a Literature Review. The research method used is to review the literature on crowdfunding published between 2010 and 2018 using the following databases: Ebscohost, ProQuest, ScienceDirect, Web of Science, Scopus, and BazEkon. The findings of this study explain that The validity of the subject is due to the fact that crowdfunding is a new form of raising capital in the Culturally-Changing Global Economy and In literature on the subject, the significance of crowdfunding for businesses at early stages of their growth is emphasized. However, there are very few publications directly about SMEs. Among the articles analyzed, the relevance of crowdfunding in reducing the funding gap and financial exclusion has been emphasized. However, our search for articles about the said phenomenon produced a very small number of such articles, which - considering quite a large number of articles in total - clearly means that this topic is rarely discussed and studied. The aspects associated with the relationships between the banking sector and crowdfunding are discussed in a majority of the articles under analysis, but there is still no empirical research in this area<sup>[11]</sup>.

Derek Eldridge, Tahir M. Nisar, and Mariateresa Torchia (2019) examined What Impact Does Equity Crowdfunding Have on SME Innovation and Growth? An Empirical Study. In this study, we examine the impact of crowdfunding as the independent variable, and gauge its impact on the dependent variables, innovation and GO (growth Opportunity). We examine the impact of equity crowdfunding on innovation and growth opportunity within small- and medium-sized enterprises. While previous studies have generally focused on the realm of crowdfunding and how it can close the financing gap for small firms, recent academic attention has turned toward assessing the outcome of equity crowdfunding, measured in terms of successes (or failures) in post-campaign firms financing. Using data from Fame BVD for small firms operating in the UK, we investigate whether equity crowdfunding can

act as a catalyst for innovation and growth. The findings show that crowdfunding does not have a significant influence on innovation in small firms, disproving the proposition that the use of crowdfunding leads to an increase in innovation. Nonetheless, crowdfunding does have an impact on the growth opportunity of small firms, with a strong positive correlation. Our further tests on return on assets models and propensity score and controlled firmmatching models show a positive impact of crowdfunding on small firms' performance. We also discuss the implications of our findings for small firms' use of equity crowdfunding for business growth opportunities<sup>[12]</sup>.

Melissa Cohen, Walden University (2017) researched Crowdfunding as a Financing Resource for Small Business. In this study review Although small businesses borrowed \$ 1 trillion in 2013 from traditional lenders, 35% of small business owners were unable to obtain adequate financing and subsequently sought alternative sources such as crowdfunding. Guided by the pecking order theory, the purpose of this exploratory case study was to explore how 6 small business owners in Tennessee successfully used crowdfunding to start, grow, or sustain their businesses. Data were collected from semistructured interviews and a review of crowdfunding project data on the internet platform including the project description, target goal, amount achieved, number of backers, and locations of the funders. Data were inductively analyzed, first into coded phrases, then categories, and finally emergent themes. Findings revealed that these small business owners tapped into a strong social media network of potential funders for increased funding opportunities. They also advocated that project descriptions consist of high-quality project content and videos, 9 to 11 reward levels, and valuable rewards to entice funders to contribute to the campaign. These small business owners also noted that they devoted more time than originally anticipated during the planning, execution, and fulfillment phases, and they all faced preliminary transactions, fulfillment, and shipping costs when using crowdfunding. The risks included not receiving any funding, negative customer feedback, and poor reputation. These stories have implications for positive social change by illuminating the necessary resources to establish a successful business through employment of a social change mechanism. With funding for growth, the small business owner, family, and local community will promote economic prosperity<sup>[13]</sup>.

Sri Utami and Kirwani (2015) examined the Role of MSME Banks in Increasing MSME Income in Rungkut District, Surabaya City. The results of this study explain that SME banks in Surabaya have a role in providing credit (fast, accurate, cheap, and easy), providing services such as (applying for easy credit, taking installments to customers' homes, maintaining communication and helping customer difficulties), In addition, MSME banks

themselves offer lower credit interest rates, according to the Ministry of Trade that easy access to loans is a priority for MSMEs in choosing financing institutions. The role that the UMKM bank has played for MSMEs in Surabaya has received a positive response to the development of regional MSMEs as indicated by an increase in income, additional workforce, and more advanced business units<sup>[14]</sup>.

The Center for Domestic Trade Policy, Trade Policy Research and Development Agency, Ministry of Trade of the Republic of Indonesia (2013) reviewed the Analysis of the Role of Financing Institutions in the Development of MSMEs in West Java and Yogyakarta. The results obtained from this study are that financial institutions have a role as an alternative access to financing, after being studied by financing institutions in West Java and Yogyakarta Provinces, they innovated a collection system by “picking up the ball” as a solution to reduce high interest rates, financing institutions also provided guidance. towards MSMEs such as (assisting business promotion by participating in an exhibition), providing consultation on business development and facilitating the existence of a business place for MSMEs. Several roles that have been carried out by financial institutions in West Java and Yogyakarta Provinces have received a positive response to the development of MSMEs as shown by expanding businesses, adding assets for both business and personal life and lifestyle, besides that the turnover of MSMEs has also increased because of this<sup>[15]</sup>.

## **2.3 Variables Definition and Relationship between variables**

### **2.3.1 Crowdfunding**

Crowdfunding according to (Arolas and Guevara, 2012) explains crowdfunding in the concept of funding a particular project as an opportunity for small businesses and entrepreneurs to succeed<sup>[16]</sup>. Crowdfunding is a fundraising or investment practice using a website or website so that it can attract the attention of the public. This practice can also be used as financing for various types of businesses, both by small investors and large investors (Massolution, 2012)<sup>[17]</sup>, (Belleflame et al., 2013) and (Wheat et al., 2013)<sup>[18]</sup>. In addition, crowdfunding can also be said to represent the transformation of a new business or what is currently known as a startup and access to new funding for MSMEs. The United Nation Development Program (UNDP, 2017)<sup>[19]</sup> classifies crowdfunding into four models, namely:

1. Equity Crowdfunding

In this type of equity crowdfunding, investors own equity shares in projects that are campaigned through the crowdfunding platform and depend on the regulatory framework.

2. Donation Based Crowdfunding

Fundraisers expect nothing in return. This crowdfunding was born from the social spirit of humanity or art. Usually this donation is intended to help victims of disaster, famine, education and other public interests. In this crowdfunding, one of the roles in attracting donors is the project campaign itself.

3. Reward Crowdfunding

In this type of crowdfunding, fundraisers give their funds in the hope that a reward, a product or service from a startup company, is not a refund.

4. Lending/Debt Crowdfunding

5. Crowdfunding for this type of loan is the fastest growing. Better known as Peer to peer lending (P2P), these crowdfunding fundraisers expect a return from their invested funds. Investors can choose to invest their funds in individuals or in companies.

All types of crowdfunding mentioned above have their own advantages and disadvantages. However, in this study the focus of the discussion will be on the first type of crowdfunding, namely equity crowdfunding. Equity Crowdfunding is a share offering service conducted by issuers to sell shares directly to investors through an open electronic system network (POJK.04 / 2018). It can be said that equity crowdfunding is now an alternative venture capital financing for MSMEs. Equity crowdfunding has the same objectives as traditional financial institutions in general, which provide financing for customers or for people who need to start or develop their business, but it is in the process and mechanism for disbursing financing that this difference emerges as a solution for people who are still experiencing bankable problems. Even though Indonesia is relatively new, the existence of equity crowdfunding has received attention from MSMEs, this is considered because this platform offers advantages that traditional financial institutions do not have when applying for capital (Rahmawati R et al., 2019). According to (Luluk Nurmalita, 2020) equity crowdfunding as a platform for crowdfunding services through information technology-based stock offerings has advantages that can be used as motivation and weaknesses that can be anticipated [20], as follows:

The advantage of equity crowdfunding for MSMEs and startups is as a promotional event to introduce their business ideas. Equity crowdfunding facilitates the disclosure of business information, thereby attracting investors to invest their capital in the business. The advantage for investors is that in addition to getting part of the business profit from dividends distributed, investors can also improve their investment skills and knowledge to be able to make investment decisions (Estrin, 2018 in Luluk Nurmalita, 2020)<sup>[21]</sup>. The weakness that

equity crowdfunding has for MSMEs and startups is the possibility of plagiarism against their business ideas (HT, 2018 in Luluk Nurmalita, 2020)<sup>[22]</sup>. This is because this platform requires entrepreneurs to provide disclosure of business information starting from the history of the establishment, trading mechanisms, financial statements of income and plans for the use of funds in public. Small companies that do not understand trade secrecy may experience theft of ideas by startups or large companies. Crowdfunding has promising profit prospects, but it needs to be underlined that high returns will be directly proportional to high risks. Apart from that the platform follows an All or Nothing approach in other words investors can earn more than they expect, or they might lose it all. The following is an illustration of the structure of equity crowdfunding according to OJK:

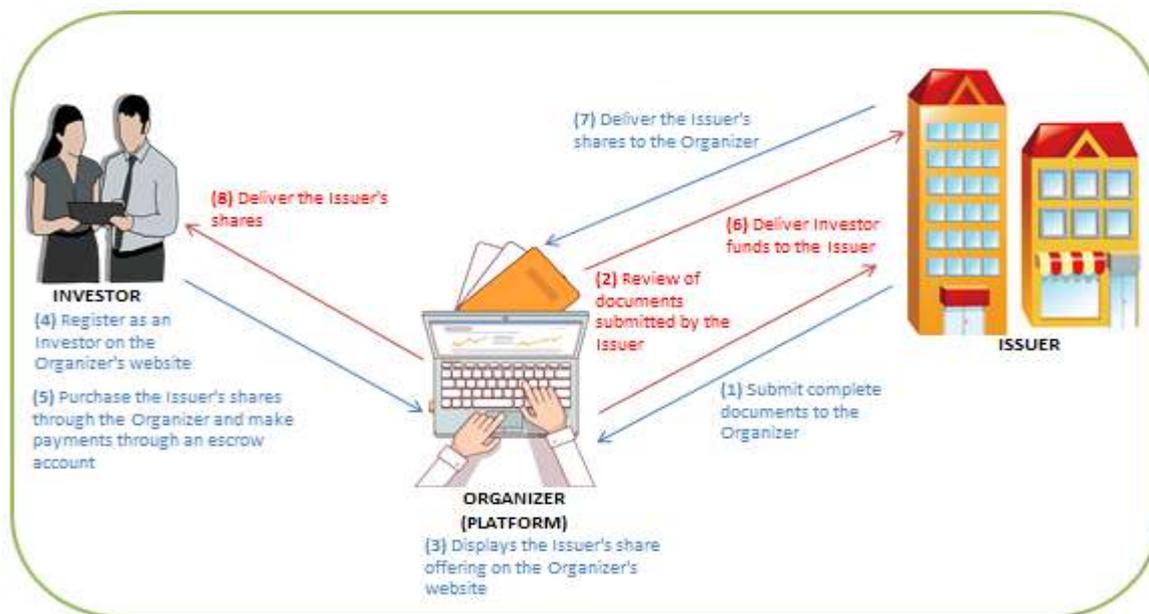


Figure 2-1. Equity Crowdfunding Structure

Source: OJK

### 2.3.2 The Role of Government for Equity Crowdfunding Organizer

The Crowdfunding Services business activities through share offerings based on Information Technology are regulated and supervised by the OJK in order to provide legal certainty and protection for parties involved in Crowdfunding Services through Information Technology-based share offerings.

With legal certainty and protection for these parties, it is hoped that it can provide room for growth for start-up companies to gain access to the Capital Market and increase financial inclusion in Indonesia, especially in the Capital Market. OJK as the authority that supervises activities in the financial services sector implements market-based supervision that is carried out on crowdfunding activities. With this approach, OJK encourages the implementation of information disclosure by Issuers, the formation of credible Operators, and the establishment

of a secure and reliable Information Technology system for Crowdfunding.

### **2.3.3 The Role of Equity Crowdfunding in MSME Development**

Equity Crowdfunding is a form of the OJK (Financial Services Authority) 's efforts to expand funding to the public, especially to support start-ups or support development rather than small and medium sized businesses. One of the equity crowdfunding platforms that has received permission from the OJK is PT Santara Daya Inspiratama ([www.santara.co.id](http://www.santara.co.id)) which is located in the village of Gamping Sleman, Yoyakarta. Santara is the first and largest platform that received permission from the OJK on September 6, 2019 with Decree Number: KEP-59 / D.04 / 2019. Through Santara the community can take opportunities as investors and publishers. On the investor side, the public can buy shares of the SME business that is being offered and enjoy the income from the SME dividends that the shares have purchased. Meanwhile, from the publisher side, the public can offer shares from the SME business they have to investors registered in Santara, so that they get additional capital for the development of the SME business that will be or are being undertaken.

In this case Santara has a role in bringing together investors and publishers, including:

1. Conduct a review of the prospective Publisher's businesses seeking funding.
2. Provide an investment fundraising system (Equity Crowdfunding).
3. Become a liaison between Investors, Issuers, and relevant regulators.
4. Supervise the operation of the business processes in this crowdfunding service (both from the investors and the issuer) so that it can continue to run in accordance with the applicable regulatory corridors.

Basically, all businesses have the same opportunity to offer shares in Santara. However, there are 3 (three) general requirements that are judged by the Santara independent team, namely the publisher must be PAS. PAS for Investors, PAS for Issuers.

#### **1. Profitable**

As much as possible the business that is listing is a business that IS ALREADY running, already has customers, has produced. So it's not just getting started, or just experimenting. Even if it's a new business, the owner must already have proven business experience.

#### **2. Accountable**

Santara is looking for a business that can be accounted for, capable of running a business with clear and transparent governance. Clear division of the organization, open financial reports, clear legality, clear credibility of the owner, clear business track record.

3. Sustainable

We all want our business to be able to sustain or grow for a long period of time, not a temporary trend or potential decline in the next few years.

Apart from that Santara also offers 5 advantages of its platform, including:

1. There are many choices of SME businesses.

Through Santara you don't need to find and get acquainted with business owners one by one. Santara offers SME businesses from various fields ranging from culinary, services, manufacturing, etc.

2. Passive income, no need to be involved in operations.

Investing in SMEs in Santara allows you to get dividends for SME businesses without the need to be involved in the SME operations you invest in

3. Practical, All Services In One Platform

The process of selecting SMEs, investing and getting dividends can be done on one platform.

4. Affordable Capital

With the Equity Crowdfunding system, investing by owning a portion of the shares in the SME business can be started with relatively affordable capital.

5. Businesses that join are quality and profitable businesses.

The Santara team conducts a strict selection in accepting businesses that join Santara. Compare if you invest yourself, you yourself have to make an assessment of these SMEs

For more details, please visit the official website of Santara ([www.santara.co.id](http://www.santara.co.id)), all information is explained in detail on the Santara account.

### **2.3.4 Development of MSMEs in Indonesia**

According to Law No. 20 of 2008, the stipulation of MSME criteria for micro businesses is if they have a maximum net worth of IDR 50,000,000.00 (fifty million rupiahs) excluding land and buildings where the business is located and have a maximum annual sales proceeds of IDR 300,000,000.00 (three hundred million rupiah). For a business, it is said to be small if it has a net worth starting from Rp.50,000,000.00 (fifty million rupiah) up to a maximum of Rp. 500,000,000.00 (five hundred million rupiah) excluding land and buildings where the business is carried out and has annual sales proceeds of Rp.300,000,000. , 00 (three hundred million rupiah) up to a maximum of 2.5 billion rupiah. For a business that is included in the medium category if the business has a net worth of more than Rp. 500,000,000.00 (five hundred million rupiah) up to a maximum of 10 billion rupiah,

excluding land and buildings for business premises and has annual sales of more than 2.5 billion up to with a maximum of 50 billion rupiah.

**Table 2-1MSME Criteria**

Type of business	Net Asset	Annual Sales
Micro business	Max IDR 50 million	Max IDR 300 million
Small business	IDR 50 million - IDR 500 million	IDR 300 million - IDR 2.5 billion
Medium Enterprises	IDR 500 million - IDR 10 billion	IDR 2.5 billion - IDR 50 billion

Source: UUD No. 20 of 2008

There are several roles of MSMEs for the Indonesian economy, conveyed by BAPPENAS (National Development Planning Agency), including:

1. Expansion of employment opportunities and absorption of labor
2. Gross Domestic Product (GDP) Formation
3. Provision of safety nets, especially for low-income people to carry out productive economic activities

Table 2 below can explain that the development of MSMEs for three consecutive years (2016-2018) has increased. The number of developments per year in 2016 was 61,651,177 then increased in 2017 by 62,922,617 and increased again in 2018 by 64,194,057 and or 99.99% of the number of business actors in Indonesia. This number is dominated by micro businesses with approximately 98% of the number of MSMEs.

**Table 2-2. Number of MSMEs in Indonesia**

INDICATOR	2016		2017		2018	
	AMO UNT	SEGME NT (%)	AMO UNT	SEGME NT (%)	AMO UNT	SEGME NT (%)
<b>Micro, Small and Medium Enterprises (MSMEs)</b>	<b>61.651 .177</b>	<b>99,99</b>	<b>62.922 .617</b>	<b>99,99</b>	<b>64.194 .057</b>	<b>99,99</b>
<i>*Micro Enterprises</i>	60.863 .578	98,71	62.106 .900	98,7	63.350 .222	98,68
<i>*Small Enterprises</i>	731.04 7	1,19	757.09 0	1,2	783.13 2	1,22
<i>*Medium Enterprises</i>	56.551	0,09	58.627	0,09	60.702	0,09

Source: Ministry of Cooperatives and Small and Medium Enterprises

In line with the role of MSMEs above, labor absorption can be seen in table 3 below, which shows that for three consecutive years the number of employment of MSMEs has

increased. Although the increase is not too much, this amount has a significant impact on the Indonesian economy to contribute to the means of alleviating poverty. This number is also dominated by micro businesses with approximately 89% absorbing labor.

**Table 2-3. Absorption of MSMEs Workers**

INDICATOR	2016		2017		2018	
	AMO UNT	SEGME NT (%)	AMO UNT	SEGME NT (%)	AMO UNT	SEGME NT (%)
<b>Micro, Small and Medium Enterprises (MSMEs)</b>	<b>112.82 8.610</b>	<b>97,04</b>	<b>116.43 1.224</b>	<b>96,82</b>	<b>116.97 8.631</b>	<b>97</b>
<i>*Micro Enterprises</i>	103.83 9.015	89,31	107.23 2.992	89,17	107.37 6.540	89,04
<i>*Small Enterprises</i>	5.402.0 73	4,65	5.704.3 21	4,74	5.831.2 56	4,84
<i>*Medium Enterprises</i>	3.587.5 22	3,09	3.736.1 03	3,11	3.770.8 35	3,13

Source: Ministry of Cooperatives and Small and Medium Enterprises

Apart from playing a role in expanding employment and employment, MSMEs are also proven to have a major contribution to the Indonesian economy (GDP). Table 4 below shows the amount of the contribution of MSMEs to GDP has increased for three consecutive years. Based on detailed data from the Ministry of Cooperatives and MSMEs, this number is dominated by micro businesses with approximately 37% and the rest is occupied by large enterprises with approximately 39%.

**Table 2-4. Contribution of MSMEs to GDP**

INDICATOR	2016		2017		2018	
	AMO UNT	SEGME NT (%)	AMO UNT	SEGME NT (%)	AMO UNT	SEGME NT (%)
<b>Micro, Small and Medium Enterprises (MSMEs)</b>	<b>7.009.2 83,00</b>	<b>59,84</b>	<b>7.704.6 35,90</b>	<b>60</b>	<b>8.573.8 95,30</b>	<b>61,07</b>
<i>*Micro Enterprises</i>	4.292.2 87,80	36,65	4.727.9 89,40	36,82	5.303.0 75,70	37,77
<i>*Small Enterprises</i>	1.128.0 56,80	9,63	1.234.2 10,70	9,61	1.347.1 04,30	9,6
<i>*Medium Enterprises</i>	1.588.9 38,30	13,57	1.742.4 35,70	13,57	1.923.7 15,40	13,7

Source: Ministry of Cooperatives and Small and Medium Enterprises

The three tables above show that every year MSMEs experience an increasing

development, which is dominated by micro-entrepreneurs. Based on detailed data from the Ministry of Cooperatives and MSMEs, the contribution of MSMEs to GDP was 61% and the remaining 39% was contributed by large business actors whose number of businesses was only around 5,500 or 0.01% of the total business actors. The good news is, it means that Indonesia has a strong economic potential, because the number of MSMEs, especially micro-enterprises is very large and the number of absorption of its workforce is large. This is because micro businesses have a fast turnover of transactions, use domestic products and their businesses are in touch with the primary needs (main needs) of the community. The existence of MSMEs, which are widespread throughout the country, supports national production as well as a source of income and welfare for most of the community. Therefore, the Government took a policy to increase the capacity of micro and small businesses so that they could upgrade to medium-sized enterprises.

### **2.3.5 Problems in the Development of MSMEs in Indonesia**

Every development process that encounters a problem or obstacle is a natural thing to deal with. Even in the development of MSMEs, problems will always exist as a process of maturing and maturing a business. Focusing on providing solutions in the form of policies is the best step to deal with these problems. In line with some of the potentials of MSMEs that have been described above, MSMEs also have several problems. Here are some identifications of MSME problems in Indonesia:

#### **1. Accessibility of MSMEs Capital**

Capital is a major factor in business activities and in the production process. Access to capital is still a problem that looms over every business, including MSMEs. And it is one of the most crucial problems among other problems (Rachbini, 1994). For micro and small businesses, conventional sources of financing such as banks are considered to have difficult administrative requirements with limited loan values (SE2016-continued). Capital problems will certainly hinder MSMEs, especially from starting a business, expanding their business and advancing in business class. Based on the SE2016-Continued results, more than 40% of MSEs stated that they had capital constraints, and category G (trade) complained the most about these problems.

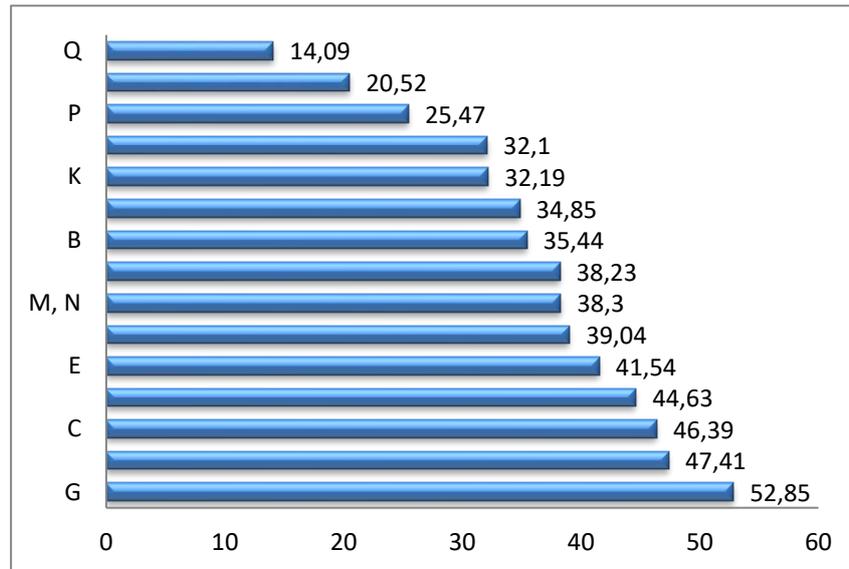


Chart 2-1 Percentage of MSEs with Capital Constraints According to Business Field Category, 2017

Source: SE2016-Lanjutan, 2017

Based on the data above, the existing categories can be specified, namely, B (Mining and Excavation), C (Processing Industry), D (Procurement of Electricity, Gas, Steam/Hot Water and Cold Air), E (Water Management, Wastewater Management, Management and Waste Recycling and Remediation Activities), F (Construction), G (Wholesale and Retail Trade; Repair and Maintenance of Cars and Motorbikes), H (Transportation and Warehousing), I (Provision of Accommodation and Provision of Food and Drink), J (Information and Communications), K (Financial and Insurance Activities), L (Real Estate), M (Professional, Scientific and Technical Activities), N (Leasing and Leasing Activities without Option Rights, Employment, Travel Agencies and Other Business Supports), P (Education), Q (Human Health Activities and Social Activities), R (Arts, Entertainment and Recreation), S (Other Service Activities), U (Activities of International Agencies and Other International Extraordinary Agencies).

## 2. Financial Management

Problems with financial management are still an obstacle after capitalization. MSMEs, which are broadly individual businesses, sometimes still mix business finances with family finances. As a result, cash flow is often chaotic because there are no clear boundaries in financial utilization and operational activities will be disrupted. Management of the controlled flow of company funds will show the company's good credibility in the business world. In poor financial conditions, management is required to immediately fix the company's finances (Erni Masdupi et al, 2019)<sup>[23]</sup>.

### 3. Business Mentoring

Without having a business mentor, an SME entrepreneur will find it difficult to develop a bigger business. His knowledge about business is limited and he will find it difficult to innovate products. Mentoring is a relationship between individuals who have a lot of experience in a field with individuals who are new or have less experience in that field. The supervisor will expand the insight into the problem of business problems that are or will be undertaken. Some of the benefits of the influence of a mentor in a business or business, a wider perspective, Expanding networks and partnerships, training mentally to be stronger, etc.

## CHAPTER 3 Methodology

### 3.1 Research method

The research method used in this research is descriptive quantitative research. Where research is carried out to determine the value of each variable or more independent in nature to get an overview of these variables (V. Wiratna Sujarweni, 2018: 87)<sup>[24]</sup>.

Descriptive quantitative research method aims to explain a phenomenon using numbers that describe the characteristics of the subject under study. The purpose of quantitative research is limited to describing the characteristics as they are. The instrument of descriptive quantitative research methods that is often used is a questionnaire. This questionnaire contains statements or questions about opinions, perceptions or views of the problem under study.

### 3.2 Population and Samples

The object of this research is to examine the role of equity crowdfunding in the development of MSMEs in Indonesia. The population is a group that concerns researchers to study (Sekaran, 2006). The population in this study is an alternative equity crowdfunding company that has been registered with the Financial Services Authority (OJK), namely PT Santara Daya Inspiratama (Santara), PT Crowddana Teknologi Indonusa, and PT Investasi Digital Nusantara. Sampling was conducted using a non-probabilistic sampling approach, namely by using a purposive sampling method with the criteria:

1. Equity Crowdfunding company that has been registered and supervised by OJK (Financial Services Authority).
2. Equity Crowdfunding company that gives permission to researchers to obtain data on MSMEs respondents who funded the company.

Based on the above criteria, only 1 company gave permission to researchers to carry out further research, namely PT Santara Daya Inspiratama. PT Santara Daya Inspiratama has approximately 83 publishers (MSMEs) working together. Selection of MSME respondents using convenience sampling (Cooper, 2011) [25]. This technique gives researchers the freedom to determine the respondents (MSMEs) who will be asked to fill out the questionnaire later. Based on this technique, the researcher will only choose 43 respondents (MSMEs) as the sample of this study.

### 3.3 Technique and Data Collection

#### 3.3.1 Data Collection Technique

The method of collecting data in this study was carried out by two methods, namely interviews and documentation (in the form of notes, books, journals, etc.) and the following methods were related to questionnaires to obtain data from respondents, namely MSMEs. The questionnaire to be distributed was adopted from research (R. Apriliani et al.,

2019) and the Center for Domestic Trade Policy, the Agency for the Study and Development of Trade Policy, Ministry of Trade of the Republic of Indonesia (2013) with modifications in the form of developments adapted to existing conditions.

The interview used by the researcher is a structured interview where the researcher is sure what information should be extracted from the source. The interview process will later use research instruments such as recorders, cameras for photos, and other instruments. The questionnaire used in this study was a mixed questionnaire, namely a combination of open and closed questionnaires. This technique is used in addition to seeing in-depth topics, it is also used to obtain research data in the form of numbers.

### **3.3.2 Place And Time of Research**

Because this research was conducted during a pandemic, then research was conducted online with Santara via WhatsApp, email, and zoom on February 19, 2021 to obtain data through interviews. Apart from interviews, data collection about Santara was also obtained through the official website of Santara, namely santara.co.id. Meanwhile, the collection of questionnaire data from MSMEs was also carried out via online via email and WhatsApp on April 8, 2021.

### **3.3.3 Data Processing and Analysis Techniques**

The data that has been collected from interviews and from searches on the website are then carried out:

1. Data Reduction, is the simplification, classification, and dumping of unnecessary data which later can produce information that is close to and makes it easier to draw.
2. Displaying data, activities when a data set is systematically arranged so that it is easy to implement, thus supporting conclusions. The form of data presentation is in the form of narrative (in the form of field notes), matrix, graph, network and chart. By presenting the data like that, the data will be organized and arranged in a relationship pattern, making it easier to implement.
3. Conclusion and Verification, is the final stage of qualitative data analysis techniques which aim to find the meaning of the data collected by looking for relationships, similarities, or differences, so that conclusions can be drawn as answers to existing problems.

Quantitative Data (Questionnaire). After the questionnaire data is collected then the data is processed using Ms. Excel in order to make it easier to classify respondents' answers.

## **3.4 Operationalization of Concepts**

The concept of this research is the role of equity crowdfunding on the development of MSMEs in Indonesia (case study in PT Santara Daya Inspiratama). This concept is then derived into three variables which will be measured and observed, namely the means of

providing funds, financial facilitators, and management facilitators. Referring to the concept of variables to be measured, the questionnaire construct in this study will consist of four main parts, namely general questions related to the characteristics of MSME respondents (respondent gender, age of respondent, business scale, area of residence of the respondent, respondent's business sector and age of respondent's business) , questions regarding the means of providing funds, financial facilitators, and management facilitators.

Questions regarding the business sector will be based on the seven MSME business sectors in general according to Bank Indonesia and the Indonesian Banking Development Institute. The seven sectors are trade, processing industry, agriculture, plantation, livestock, fishery and services. This variable is expected to measure and observe in detail the role of one of the equity crowdfunding companies, PT Santara, in developing MSMEs in Indonesia.

**Table 3-1. Operationalization Concepts**

Variable	Explanation	No	Indicator	Scale
Fund Provision Facility	Alternative provision of funds for MSMEs for business development	1	The amount of capital required	Nominal
		2	Source of business funds	Nominal
		3	Factors that influence the selection of Santara as a source of provision of funds	Nominal
		4	Goal of obtaining funding	Nominal
		5	Difficulty in profit sharing	Ordinal
		6	Information Source	Nominal
		7	Ease of Information	Ordinal
Financial Facilitator	Helping MSMEs in managing finances more effectively	1	Bookkeeping	Interval
		2	Making a Financial Report	Interval
		3	Tax Training	Interval
		4	Fund Management Assistance obtained through Santara	Interval
Management Facilitator	Help provide MSME business recommendations and advice	1	Better business management	Interval
		2	Making a Business Plan	Interval

## CHAPTER 4 Results and Discussions

### 4.1 Characteristics of Respondents (MSMEs)

After collecting data by contacting 43 respondents (MSMES), it turned out that only 13 respondents responded to be willing to fill out the questionnaire, so the following results were obtained:

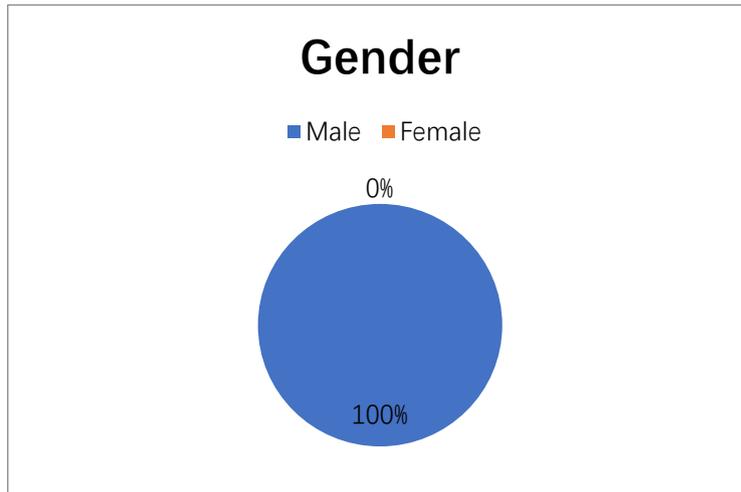


Chart 4-1 Profile Of Respondents Based On Gender

Source: Processed data, 2021

Based on the data that has been collected, it can be seen that from a total of MSMEs studied, 100% or all of the MSME respondents were male owners.

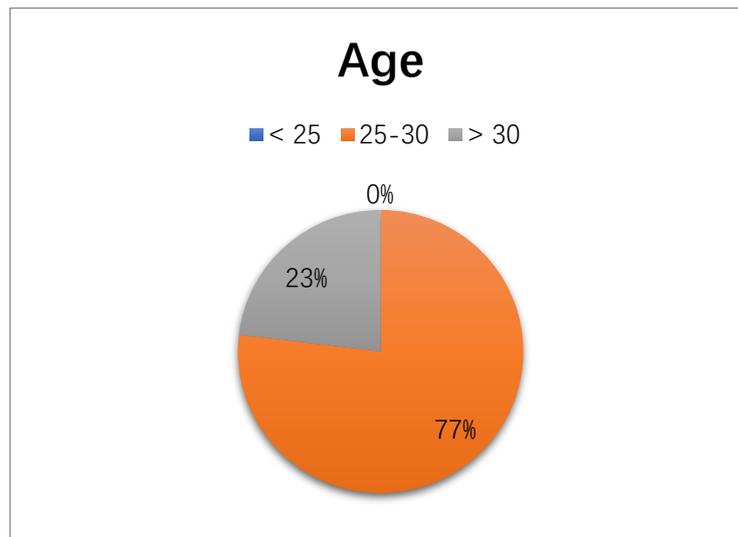
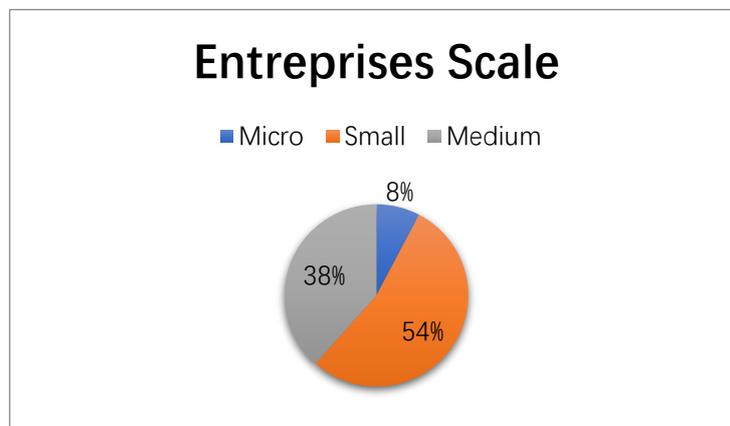


Chart 4-2 Profile Of Respondents Based On Age

Source: Processed data, 2021

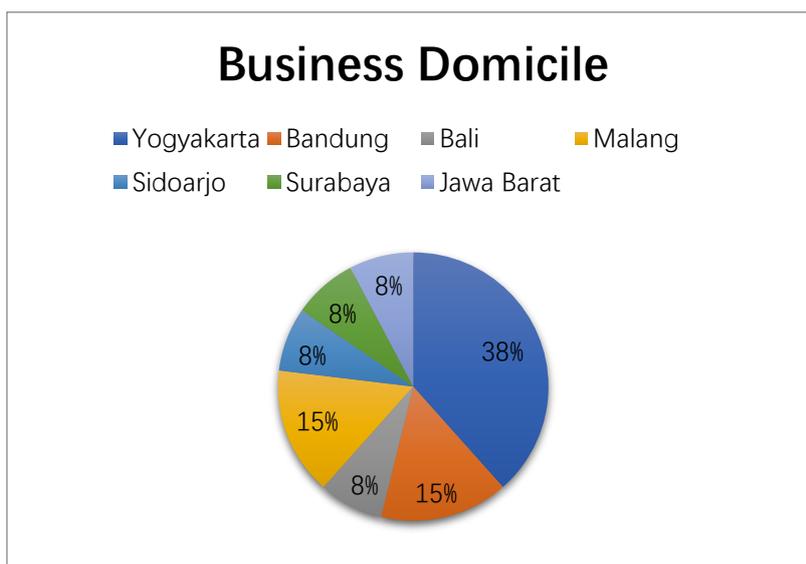
In this study, as many as 77% or 10 respondents were between 25-30 years old, then the remaining 23% or 3 respondents were more than 30 years old.



**Chart 4-3 Profile Of Respondents Based On Enterprises Scale**

Source: Processed data, 2021

From this study, as many as 54% or 7 respondents belonged to small businesses, 38% or 5 respondents belonged to medium enterprises, and the remaining 8% or 1 respondent belonged to micro businesses. Respondents with micro-scale businesses seem to have used Santara's services to increase their business capital needs, even though the frequency is only 1 person, this proves that micro-businesses are trying to increase their business capacity in the hope that they can be upgraded to small and even medium enterprises.



**Chart 4-4 Profile Of Respondents Based On Business Domicile**

Source: Processed data, 2021

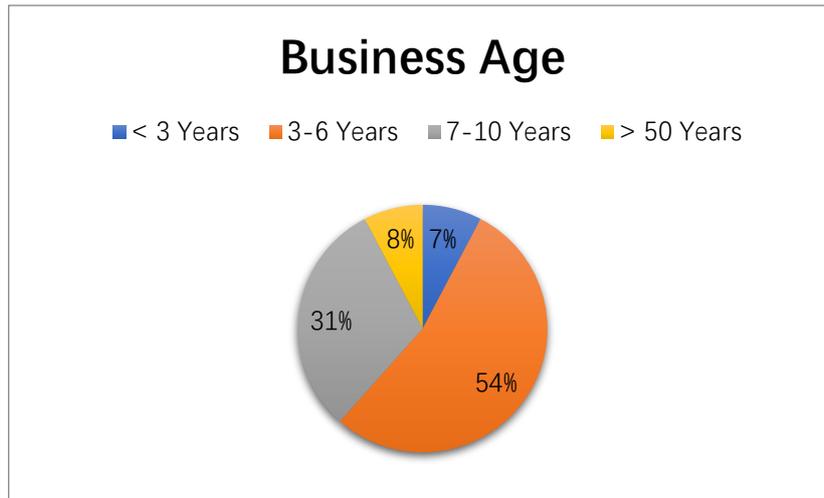
From this study, as many as 5 respondents or 38% came from Yogyakarta, 2 respondents or 15% came from Bandung, 2 respondents or 15% came from Malang and the rest respectively 1 respondent or 8% came from Bali, Sidoarjo, Surabaya, West Java. These results indicate that even though Santara's domicile is in the Yogyakarta region, his spread covers part of the Indonesian territory.



**Chart 4-5 Profile Of Respondents Based On Business Sector**

Source: Processed data, 2021

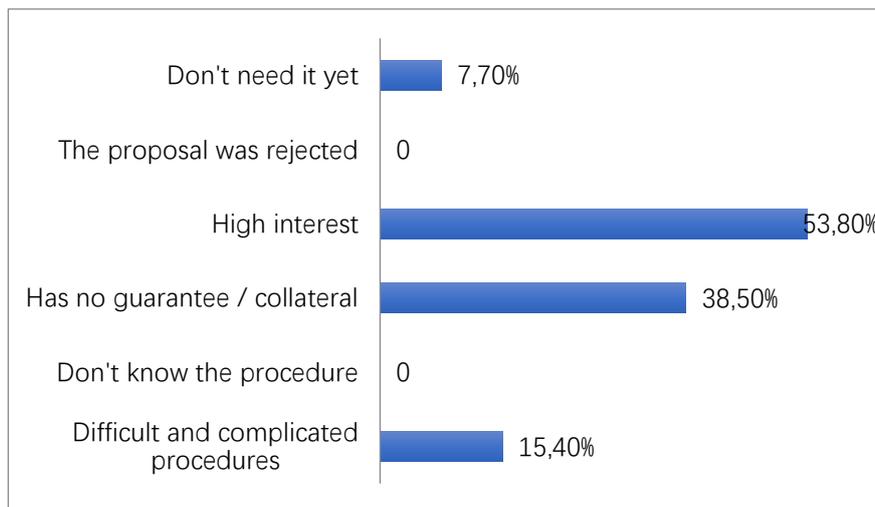
From this research shows, as many as 7 respondents or 54% engaged in the food processing industry, 3 respondents or 23% engaged in livestock, and 1 respondent each or 7% and 8% engaged in fishery, educational services, and wholesale and retail trade. The food processing industry in question is such as restaurants, cafes that sell various snacks, etc. Even though food traders are faced with losses if their food is not sold out, this business is still the belle of many enthusiasts, this is because the food business has the prospect of the business that generates the fastest profits, also does not require large capital like other types of business Center for Domestic Trade Policy, Trade Policy Research and Development Agency, Ministry of Trade of the Republic of Indonesia, 2013).



**Chart 4-6 Profile Of Respondents Based On Business Age**

Source: Processed data, 2021

From this research shows, as many as 7 respondents or 54% have been running their business for 3 to 6 years, 4 respondents or 31% have been running their business for 7 to 10 years, and the rest respectively 1 respondent or 8% and 7% have run their business less than 3 years and more than 50 years.



**Chart 4-7 The Reasons of MSMEs not applying for Business Capital Financing through Financial Institutions (Bank, Cooperative, etc)**

Source: Processed data, 2021

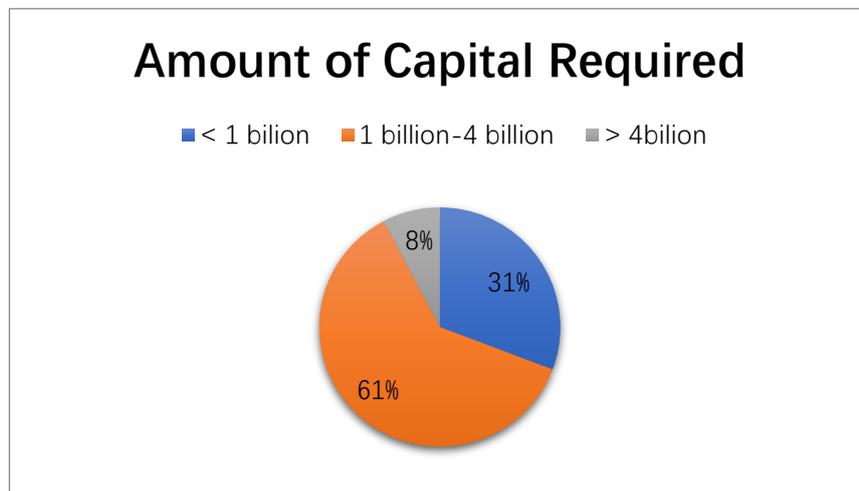
The graph above shows that 7 respondents or 53,8% stated that the reasons for setting high interest rates made respondents reluctant to apply for capital financing through financial institutions, the second reason was that 5 respondents did not have collateral /

guarantees or 38,5%, 2 respondents were difficult and complicated and 1 respondent each or 8,3% stated reasons because they did not need it and the procedures.

## 4.2 The Role of Santara as an Alternative Source of Funding

### 4.2.1 Overview of UMKM Funding through Santara

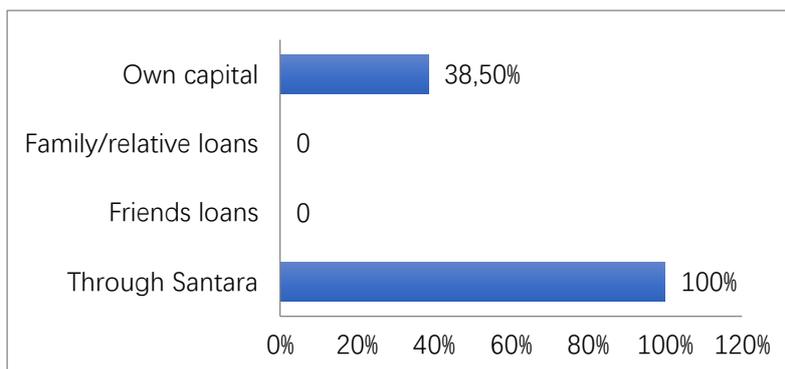
This section describes the funding obtained through Santara which has been used to meet the required capital. Based on the results of the study, it shows that as many as 8 respondents or 61% need capital of 1 billion to 4 billion, even 1 respondent or 8% need more than 4 billion capital. The graph of the amount of capital required by the respondent can be seen below:



**Chart 4-8 Amount of Capital Required**

Source: Processed data, 2021

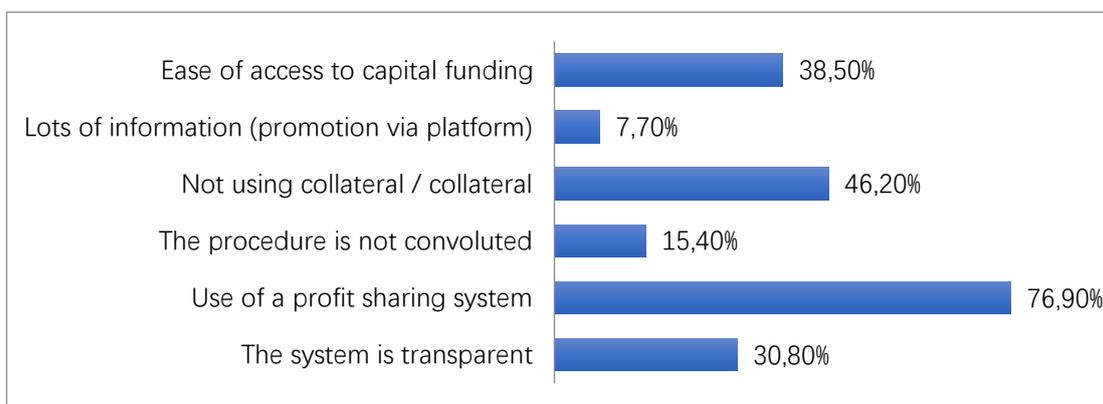
The amount of capital needed by the respondents varies, as well as the sources of obtaining additional business capital if the capital is insufficient. Usually in starting a new business, some only use their own capital, then some use their own capital partly and partly from loans from family, relatives or friends. Then after their business has developed and wants to be more developed to expand, usually MSMEs will seek loans from financial institutions to provide funds. The results showed that all respondents or 100% obtained business capital through Santara, and 5 respondents or 38,5% stated that partly from Santara and partly from their own capital.



**Chart 4-9 Sources of Business Funds**

Source: Processed data, 2021

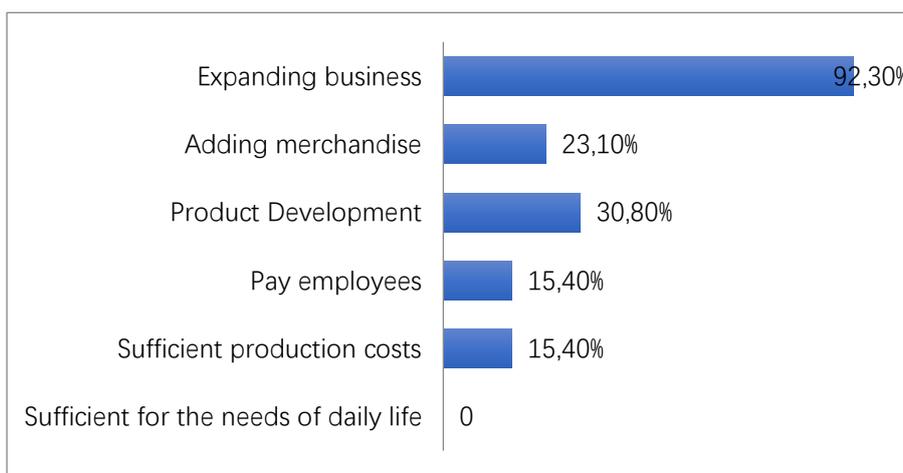
100% of respondents stated that they obtained business capital funding from Santara, this is not without reason, although Santara is a non-bank financial institution that has not been established for a long time, but the system that is being implemented has a positive contribution to MSMEs. As many as 10 respondents or 76,9% chose Santara because of the use of profit sharing that was applied. The profit-sharing system is considered not to be burdensome for MSMEs because it is dynamic in accordance with the conditions of the company, which may not always get profit in running its business but sometimes experience losses. 6 respondents or 46,2% chose Santara because Santara did not use collateral / collateral in its system. Then 5 respondents or 38,5% chose Santara because of the ease of access to business capital funding and having a transparent system. Then 2 respondents or 15,4% chose Santara because it was a straightforward procedure / easy procedure. And 1 respondent or 7,7% chose because there is a lot of information related to Santara (promotion through platforms). Details of the reasons can be seen in the chart below:



**Chart 4-10 Influence Factors of Santara Selection as a provision source of funds**

Source: Processed data, 2021

The choice of Santara as a means of financing business capital received a positive response. Funding obtained by respondents will later be used based on the objectives of each respondent. As many as 12 respondents or 92,3% used the funds obtained for the purpose of expanding the business. 4 respondents or 30,8% used the funds obtained for product development purposes. Then 3 respondents or 23,1% have a goal to increase merchandise. And each of the 2 respondents or 15,4% has a goal to pay employees and meet production costs. The purpose of obtaining funding through Santara can be seen from the graph below:



**Chart 4-11 Goal of obtaining funding through Santara**

Source: Processed data, 2021

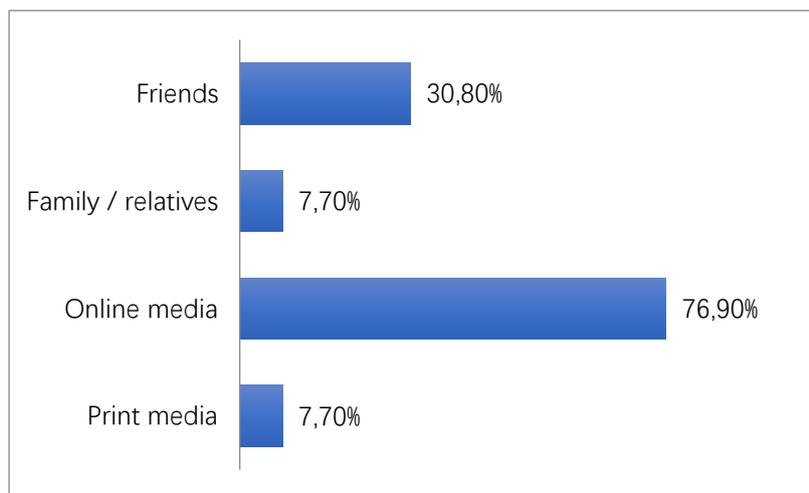
Seeing that the system applied by Santara is profit sharing, the survey wants to see what the respondents think, whether they have difficulty in sharing the results or not. 9 respondents or 69% stated that they have never experienced difficulties in sharing the results. 4 respondents or 31% stated that they sometimes experience difficulties in sharing the results. The graph can be seen below:



**Chart 4-12 Difficulty in profit sharing**

Source: Processed data, 2021

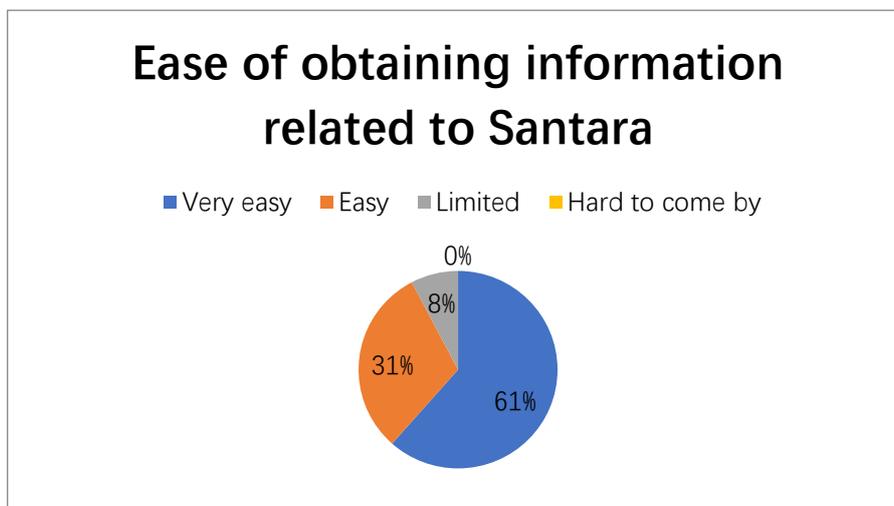
MSMEs can put their trust in Santara and cannot be separated from Santara's active promotion as a form of introduction and digital financial literacy for all MSMEs in Indonesia. As many as 10 or 76,9% of respondents obtained information related to Santara through online media. 4 or 30,8% of respondents get information related to Santara through friends. Respectively 1 or 7,7% of respondents get information related to Santara through print media and family / relatives. Sources of information related to Santara can be seen from the chart below:



**Chart 4-13 Sources get information related to Santara**

Source: Processed data, 2021

From the source of obtaining information related to Santara, this proves that 8 or 61% of respondents agreed that information related to Santara was very easy to obtain. 4 or 31% said it was easy and only 1 or 8% of respondents said they were limited in obtaining information related to Santara. The details can be seen in the chart below:



**Chart 4-14 Ease of Obtaining Information Related to Santara**

Source: Processed data, 2021

#### **4.2.2 The Role of Santara as an Alternative Source of Funds Provision**

Based on the general description of MSME funding through Santara which has been described above, the role of Santara as an alternative source of provision of funds can be seen in:

1. The sources of capital for MSMEs generally consist of two sources, namely own capital and loans. In this case Santara is able to meet the capital requirements needed by MSMEs in running and developing their business. In fact, there are some MSMEs where 100% of their business capital is obtained through Santara.
2. An alleviating profit-sharing system. Unlike other financial institution systems that use interest as a system and not profit sharing, it makes Santara in demand by MSMEs. The profit sharing system is considered not burdensome and does not make it difficult for MSMEs because it is dynamic in accordance with the conditions of the company, which may not always make profits in running its business but sometimes experience losses.
3. Information is easy to get. By utilizing online media for promotion, it is considered that it makes it easier for MSMEs to get information about the system offered by Santara. The use of online media is also a form of introduction and digital financial literacy for all MSMEs in Indonesia. Easy access to information and facilitation to obtain funding shows Santara's role has been carried out as an alternative source of provision of funds.

#### **4.3 Santara as a Financial Facilitator**

The second role of non-bank financial institutions such as Santara can be seen from Santara as a financial facilitator for the development of MSMEs, especially in terms of finance. This role requires Santara to play an active role in contributing to accommodating and providing assistance to MSMEs in running and developing their business. Santara is expected to be not only a liaison between investors and publishers (MSMEs), but can provide technical assistance in financial matters such as helping to make bookkeeping, helping to make financial reports, facilitating tax training and helping provide assistance in the use of funds. 50% of respondents said Santara often helped in making books and 8% of respondents said Santara never helped in making books. But even so, most respondents hope that in the future Santara can help make bookkeeping. The details can be seen in the table below:

**Table 4-1 Santara helped make Bookkeeping**

<b>Role of Santara</b>	<b>Present Condition (%)</b>	<b>Expected Condition (%)</b>
<b>Very Often</b>	31	46
<b>Often</b>	54	46
<b>Rarely</b>	7	8
<b>Very Rare</b>	0	0
<b>Never</b>	8	0
<b>Total</b>	100	100

Source: Processed data, 2021

In other conditions 39% of respondents said Santara very often helped in making financial reports and 15% of respondents said Santara was rarely and 15% never helped in making financial reports. But even so, most of the respondents hope that in the future Santara can help make financial reports. The details can be seen in the table below:

**Table 4-2 Santara helps create financial reports**

<b>Role of Santara</b>	<b>Present Condition (%)</b>	<b>Expected Condition (%)</b>
<b>Very Often</b>	39	46
<b>Often</b>	31	23
<b>Rarely</b>	15	23
<b>Very Rare</b>	0	0
<b>Never</b>	15	8
<b>Total</b>	100	100

Source: Processed data, 2021

Most respondents expect Santara to help make books and financial reports, because considering this is very important to become information for investors who want to buy shares from related MSMEs. Although there were respondents who did not expect this assistance, it is possible that the respondents could do it themselves. Apart from helping in making financial books and reports, Santara can also play a role in facilitating training and financial-related assistance such as tax training. Given that the government imposes taxes on MSMEs, and most MSMEs already have an NPWP (Taxpayer Identification Number),

therefore, MSMEs are required to report income tax from their business. To prevent the wrong payment in tax filing, Santara can facilitate to hold tax training for MSMEs. 54% of respondents stated that Santara often facilitates tax training for MSMEs. And 46% of respondents expect Santara to facilitate tax training very often.

**Table 4-3 Santara facilitated tax training**

<b>Role of Santara</b>	<b>Present Condition (%)</b>	<b>Expected Condition (%)</b>
<b>Very Often</b>	15	46
<b>Often</b>	54	39
<b>Rarely</b>	23	15
<b>Very Rare</b>	0	0
<b>Never</b>	8	0
<b>Total</b>	100	100

Source: Processed data, 2021

Obtaining funds through Santara makes it very necessary for MSMEs to make the best use of it so that funds can be used in a productive and not consumptive direction. Therefore Santara can play a role in providing assistance to MSMEs in monitoring the utilization of the funds obtained. Assistance can be done in formal forms such as periodic inspections, or informally with coaching and mentoring. 39% of respondents stated that Santara very often provided assistance such as mentoring for MSMEs, and indeed there were respondents who felt that they had never been assisted in the use of funds. Even so, 54% of respondents expect Santara to be able to provide assistance very often, such as providing coaching, mentoring and periodic examinations. The details can be seen in the table below:

**Table 4-4 Santara helps provide assistance in the use of funds**

<b>Role of Santara</b>	<b>Present Condition (%)</b>	<b>Expected Condition (%)</b>
<b>Very Often</b>	39	54
<b>Often</b>	38	38
<b>Rarely</b>	15	8
<b>Very Rare</b>	0	0
<b>Never</b>	8	0

<b>Total</b>	100	100
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Source: Processed data, 2021

Santara's role as a financial facilitator can be divided into two major parts, namely:

1. Assisting in making financial books and reports. Making books and financial reports in addition to their function as records to separate funds used for personal use from funds used for business, also as a medium for information on current and future financial conditions. This information will be very useful for readers in general and for Santara as well as financiers in particular.
2. Provide training and assistance in the use of funds. Santara has started to play the role of providing tax training and assistance in the use of funds, by means of periodic audits and mentoring.

#### **4.4 Santara as a Management Facilitator**

The role of non-bank financial institutions such as Santara, which in turn, can be seen from Santara as a management facilitator for the development of MSMEs, especially in terms of management. This role requires Santara to play an active role in contributing to accommodating and providing assistance to MSMEs in running and developing their business. Santara is expected to not only become a liaison between investors and publishers (MSMEs), but can provide technical assistance in terms of management such as helping provide recommendations and suggestions for better business management, and helping provide recommendations and suggestions in making business plans. 46% of respondents stated that Santara very often helps in providing recommendations and suggestions for better business management and 15% of respondents stated that Santara very rarely provides recommendations and suggestions so that business management can be better. But even so, most of the respondents hope that in the future Santara can help provide recommendations and suggestions so that business management can be better. The details can be seen in the table below:

**Table 4-5 Santara helps provide recommendations and suggestions for better business management**

<b>Role of Santara</b>	<b>Present Condition (%)</b>	<b>Expected Condition (%)</b>
<b>Very Often</b>	46	54
<b>Often</b>	16	38
<b>Rarely</b>	23	8
<b>Very Rare</b>	15	0
<b>Never</b>	0	0
<b>Total</b>	100	100

Source: Processed data, 2021

In other conditions 39% of respondents stated that Santara helped provide recommendations and suggestions in making business plans for MSMEs, and 46% of respondents hoped that Santara would continue to help provide recommendations and suggestions in making business plans for MSMEs in the future. The details can be seen in the table below:

**Table 4-6 Santara helps provide recommendations and advice in making a business plan**

<b>Role of Santara</b>	<b>Present Condition (%)</b>	<b>Expected Condition (%)</b>
<b>Very Often</b>	39	46
<b>Often</b>	15	39
<b>Rarely</b>	31	15
<b>Very Rare</b>	15	0
<b>Never</b>	0	0
<b>Total</b>	100	100

Source: Processed data, 2021

Santara's role as a management facilitator can be divided into two major parts, namely:

1. Santara has played its part to help provide recommendations and suggestions for better business management.
2. Santara has also carried out his role to help provide recommendations and advice in making business plans for MSMEs.

**Table 4-7 Business development that was felt after joining Santara**

No	Response
1	The addition of production from the previous 6500 heads to 15000 heads, get a wider network, and can reach a wider market
2	Having funds to develop a business, from previously utilizing stores and the web for online sales, and now developing by building web-based tools and applications for the marketplace.
3	Can enlarge the business scale
4	Opening of New Branches
5	Can add outlets
6	Business becomes bigger and more credible
7	Can survive in this covid pandemic condition
8	When a pandemic can only survive
9	Has many branches in Indonesia
10	Increase in turnover and business production capacity by up to 50%
11	Very impactful in expanding the business. Remarkable
12	Good
13	Can enlarge the business scale

Source: Processed data, 2021

**Table 4-8 After knowing about Santara and its process in applying for capital funding, then:**

Statement	Role of Santara	Response (%)
<b>Santara can be an alternative funding</b>	Strongly Agree	62
	Agree	38
	Less Agree	0
	Disagree	0
	Strongly Disagree	0
	Total	100
<b>Santara can be an effective access source of capital</b>	Strongly Agree	69
	Agree	31
	Less Agree	0
	Disagree	0
	Strongly Disagree	0
	Total	100
<b>Suggest other</b>	Strongly Agree	61

<b>MSMEs to apply for capital funding in Santara</b>	Agree	31
	Less Agree	8
	Disagree	0
	Strongly Disagree	0
	Total	100

Source: Processed data, 2021

After knowing about Santara's role and the process in applying for business capital, then:

1. Most of the respondents stated that they strongly agreed if Santara could be an alternative funding.
2. Most of the respondents stated that they strongly agreed that Santara could be an effective access source of capital.
3. Most of the respondents stated that they strongly agreed to suggest other MSMEs to apply for venture capital funding in Santara.

## CHAPTER 5 Conclusions and Suggestions

### 5.1 Conclusions

Based on the results and explanations above, it can be concluded that although Santara is an equity crowdfunding company that has not been established for a long time, Santara's role as an alternative provision of funds in the development of MSMEs in Indonesia has received a positive response. This can be seen from Santara being able to meet the capital requirements needed by MSMEs in running and developing their business. The profit-sharing system that is implemented is considered not burdensome and does not make it difficult for MSMEs because it is dynamic in accordance with the conditions of the company, which may not always make profits in running its business but sometimes experience losses. By utilizing online media for promotion, it is considered that it makes it easier for MSMEs to get information about the system offered by Santara. The use of online media is also a form of introduction and digital financial literacy for all MSMEs in Indonesia. Santara has played its role in assisting the preparation of financial accounts and reports for MSMEs. Santara has also started to play a role in providing tax training and assistance in the use of funds, by means of periodic audits and mentoring. In addition, Santara has carried out its role to help provide recommendations and suggestions so that business management can be better and help provide recommendations and suggestions in making business plans.

In accordance with the Indonesian Presidential Decree Number 82 of 2016 concerning the National Strategy for Financial Inclusion, which states that financial inclusion is a condition when every member of society has access to various quality formal financial services in a timely, smooth and safe manner at affordable costs according to their needs and abilities. in order to improve community welfare. So with the results obtained regarding Santara's role as an Equity Crowdfunding company on the development of MSMEs, it is proven to be able to contribute to improving financial inclusion in Indonesia which is one of the goals in improving the Indonesian economy.

### 5.2 Suggestions

In order to develop MSMEs today and in the future through Santara to make it even better, and for future researchers, the recommendations and suggestions that can be given are:

In carrying out its role as a financial and management facilitator, Santara is expected to provide more supervision and mentoring for all UMKM who are publishers, so that they can reach MSMEs equally.

Not only Santara, but the government is expected to be more aggressive in providing socialization regarding the existence of Santara as an alternative to providing funds to MSMEs in Indonesia. Integrated cooperation between Santara and the central and regional governments is needed to further increase technical assistance to MSMEs, so that in the future MSMEs can compete in national and international markets.

For further researchers, it is hoped that they can develop research to make it even better, it is hoped that they can make better use of time in doing research as well as possible, adding and selecting variables to be researched carefully and thoroughly, maximizing the number of samples to be studied so that the results can be more accurate, and strengthening the data not only with the results of the questionnaire but also by interviewing respondents, sharpening it in analyzing data so that human errors can be minimized, and using more sources to further strengthen research results, in order to produce good and accurate research.

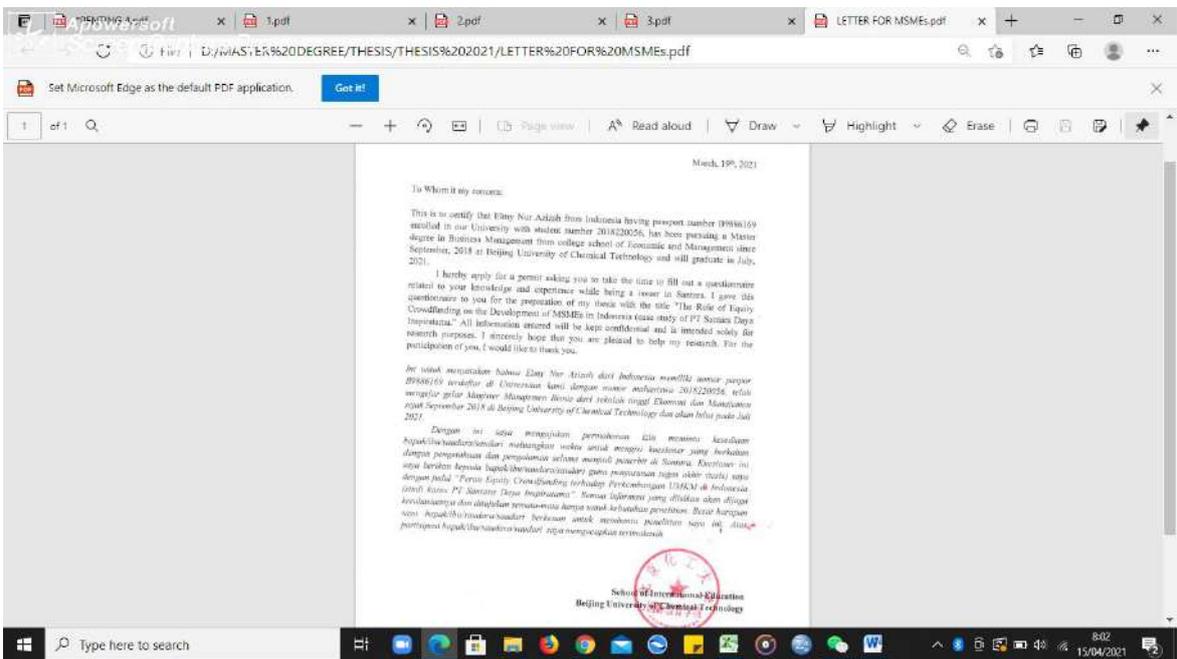
# Appendix

## 1. Research Cover Letter for Equity Crowdfunding Company

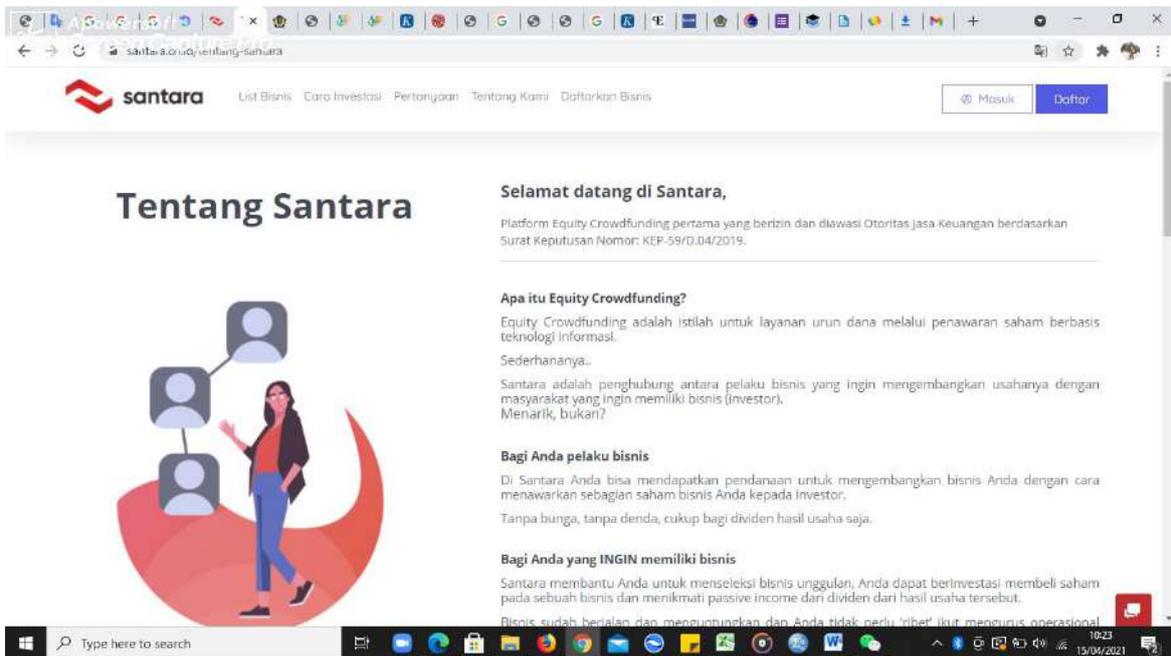




## 2. Research Cover Letter for MSMES



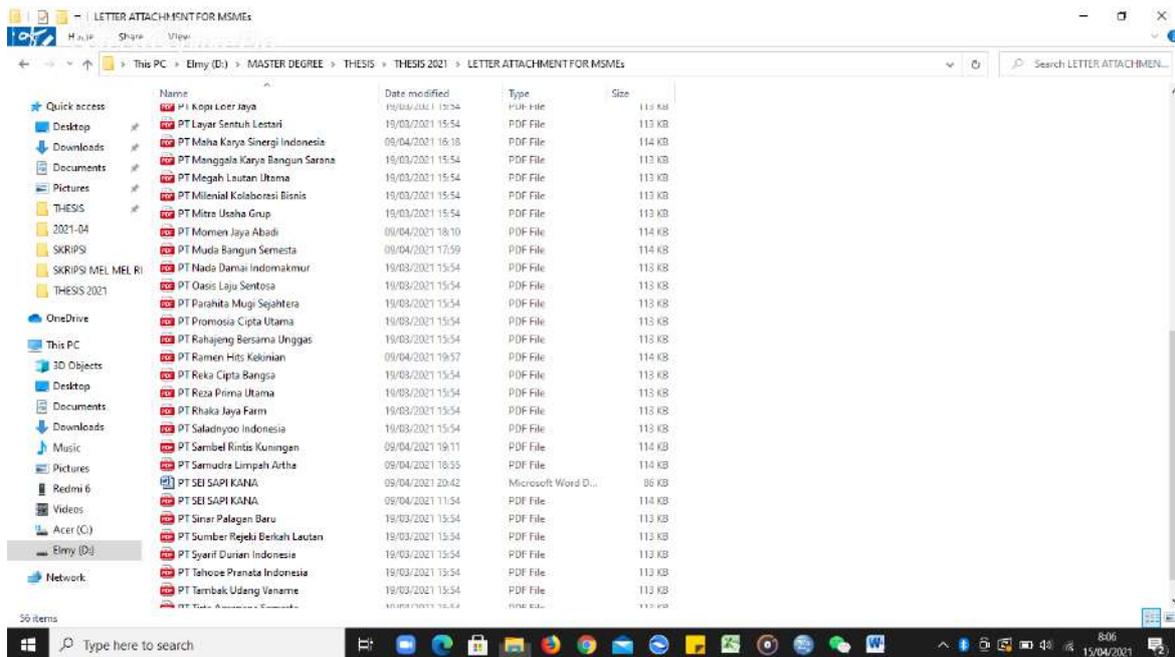
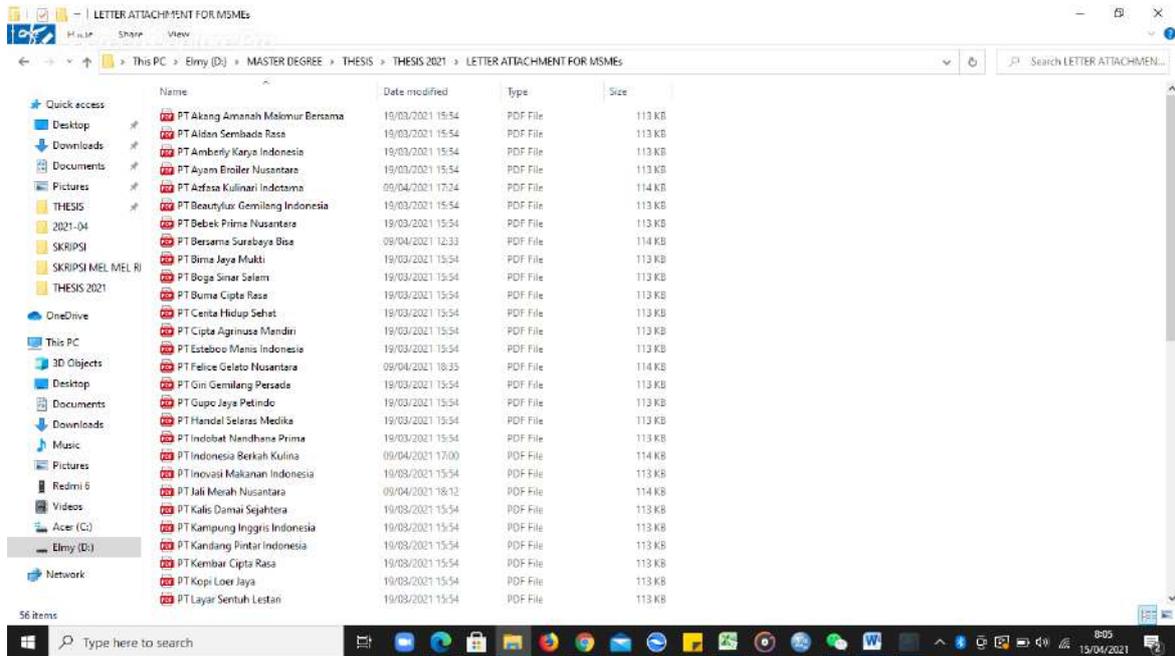
### 3. Santara's Company Website



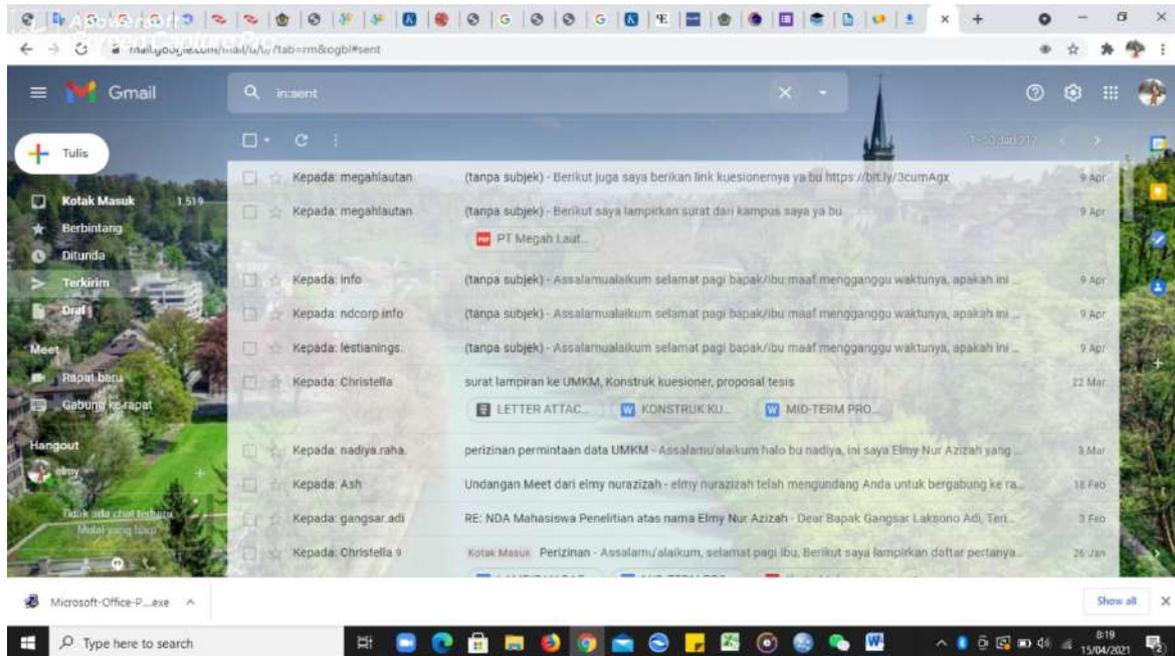
### 4. Interview through zoom with one of Santara's Staff



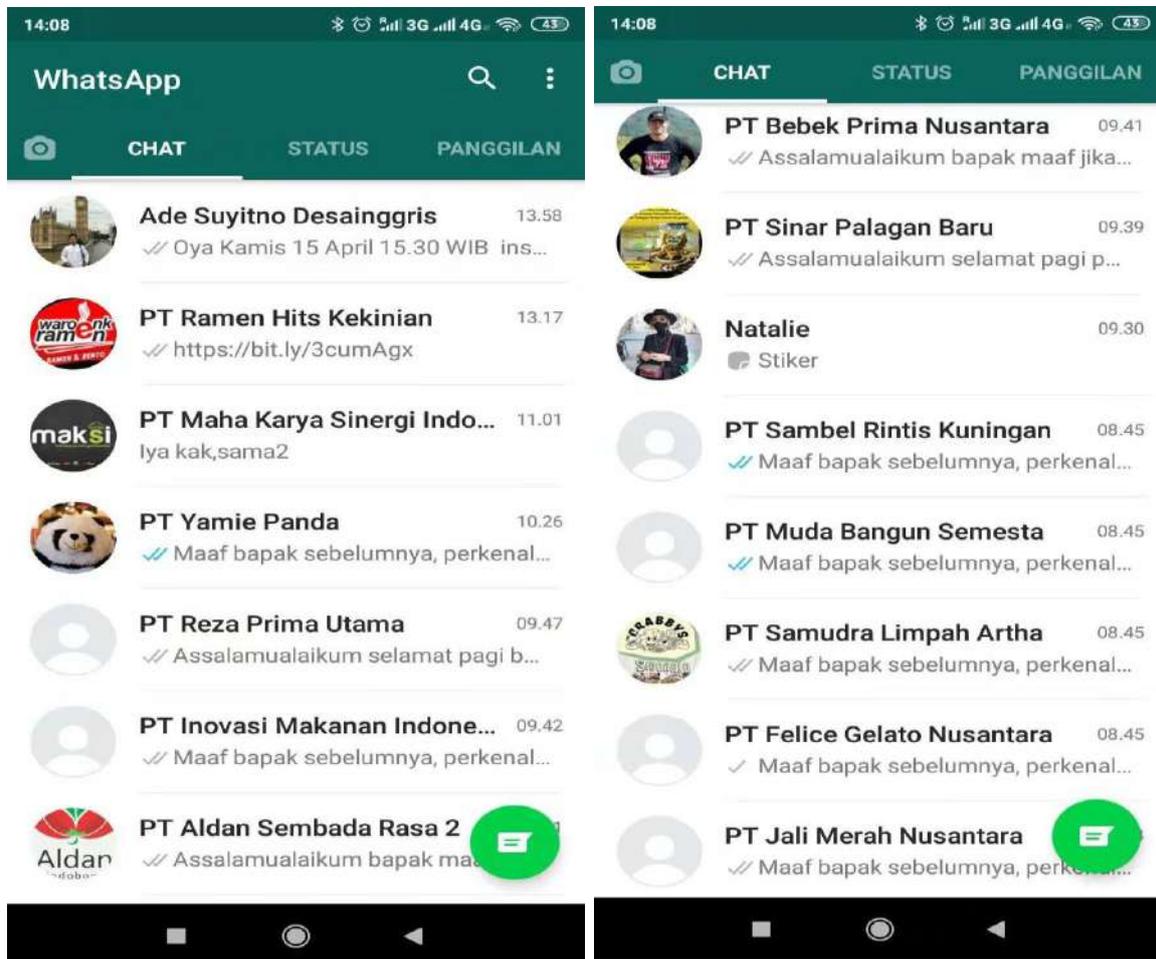
### 5. List of MSMES data



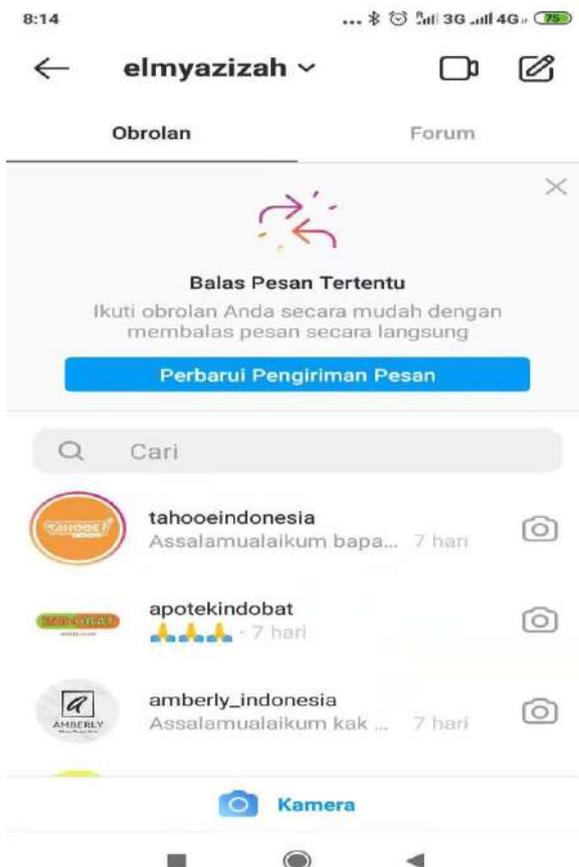
## 6. Message History Via Email To MSMES



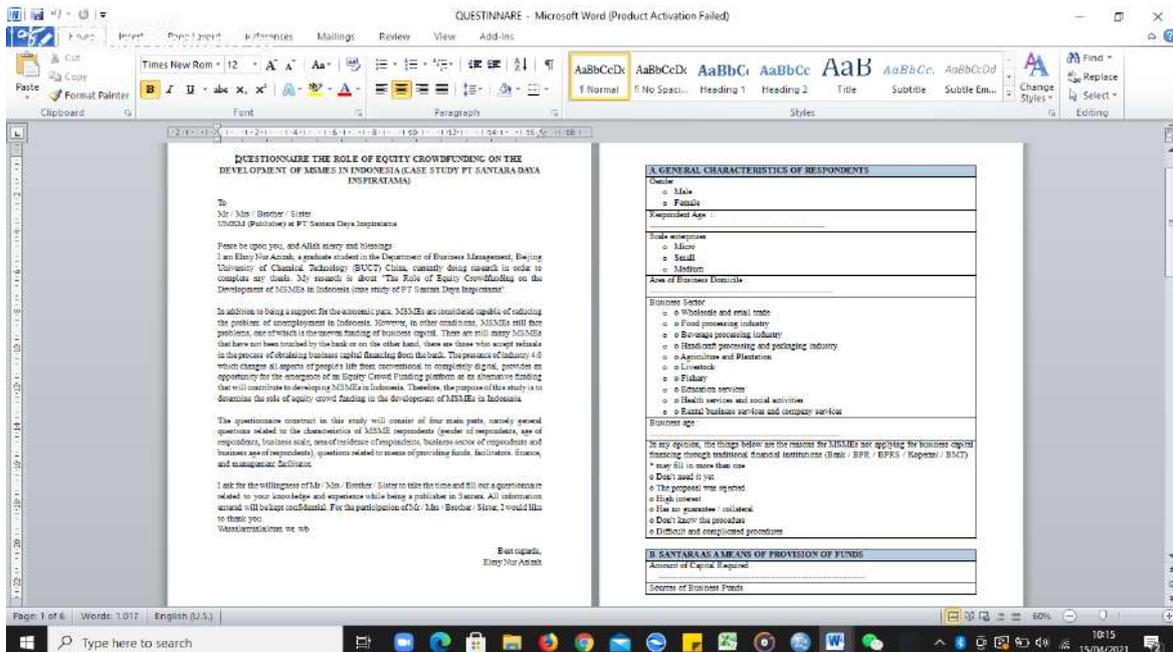
## 7. Message History Via Whatsapp To MSMES

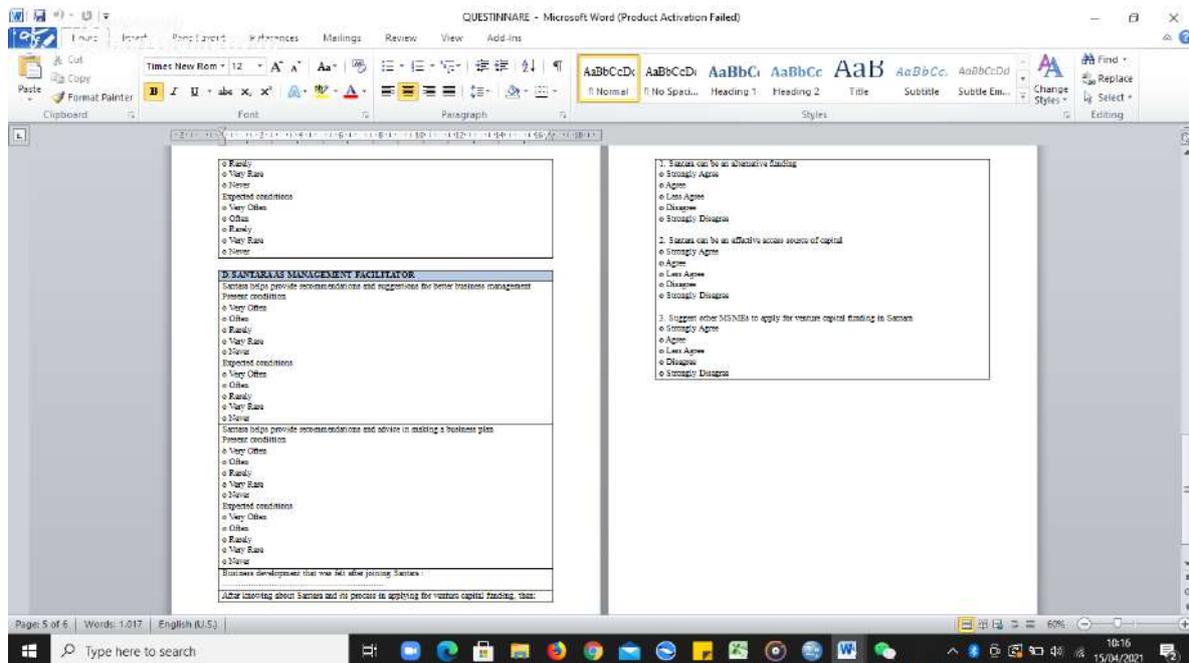
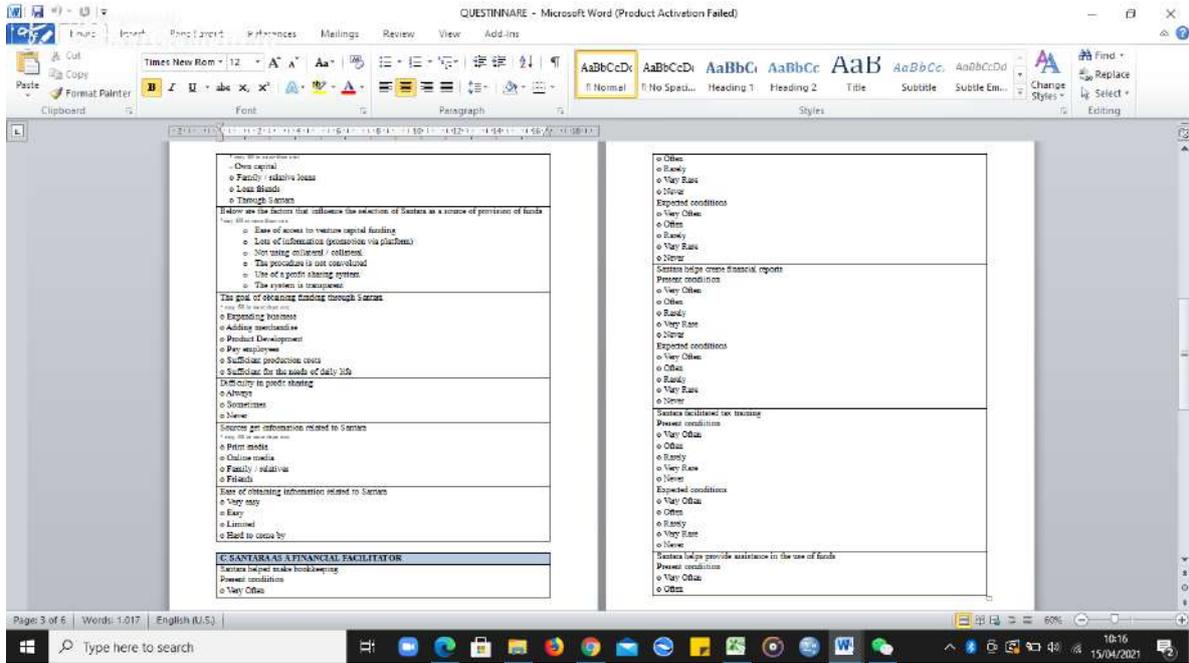


## 8. Message History Via Instagram To MSMES

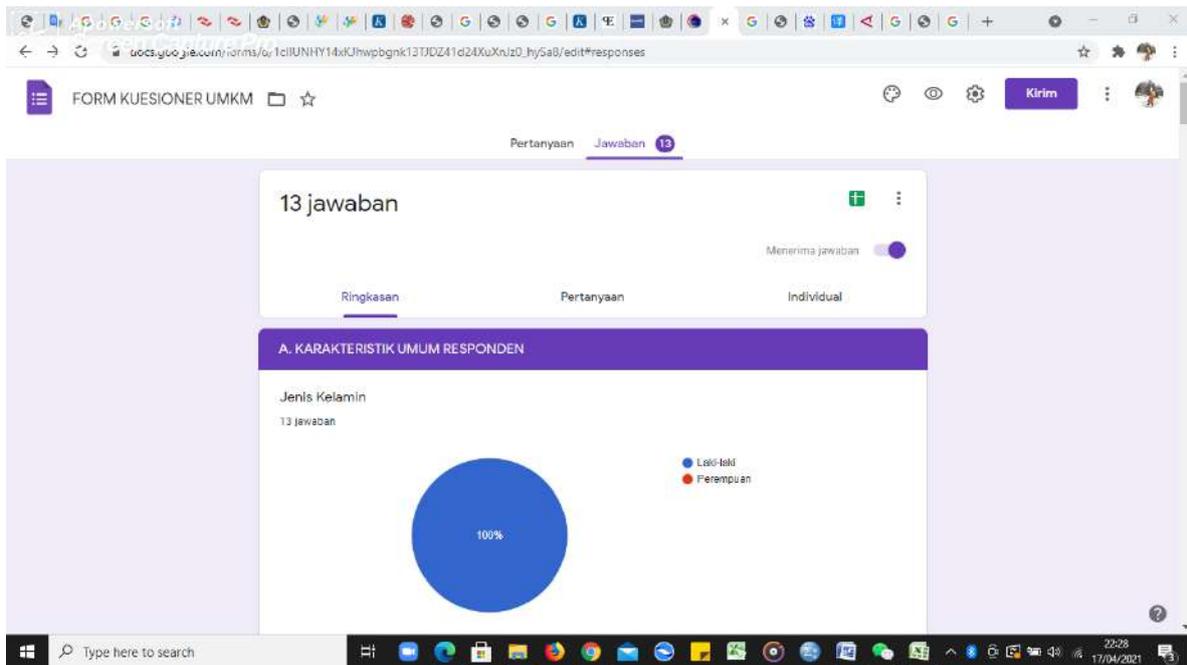


## 9. Questionnaire Construct

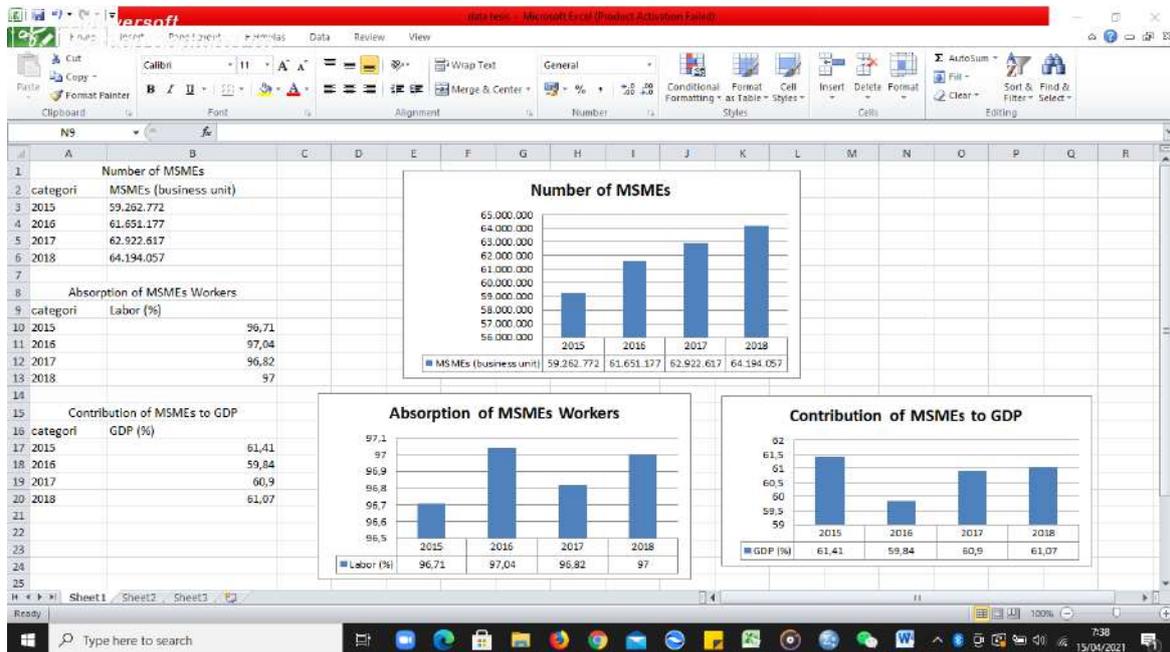


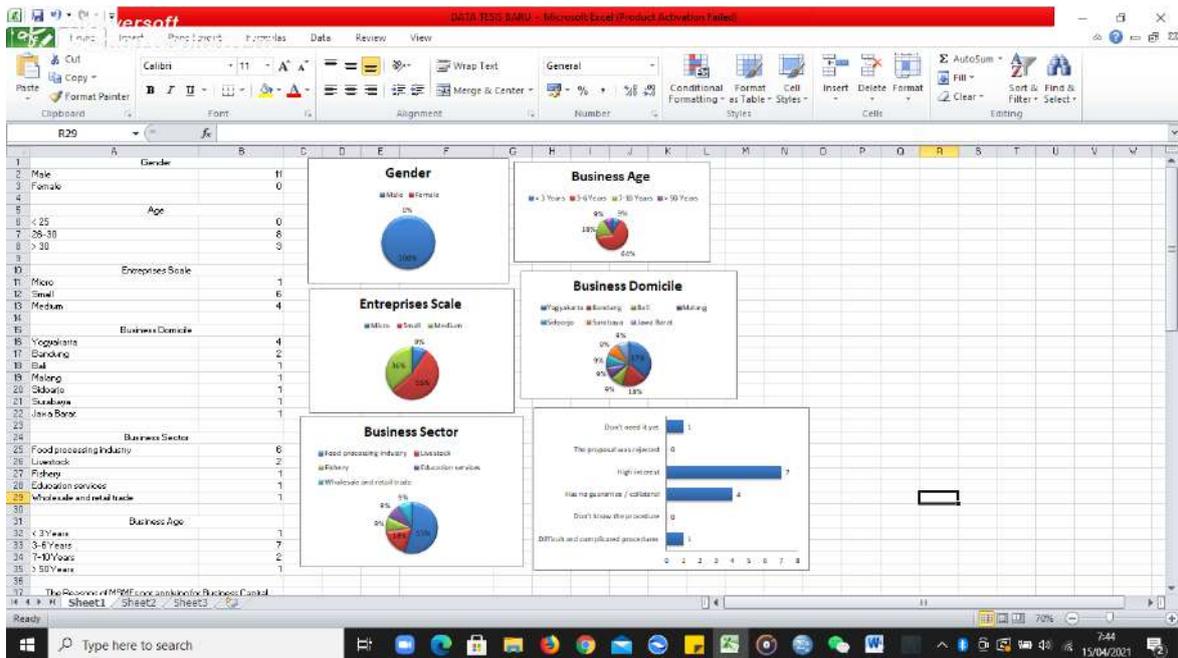
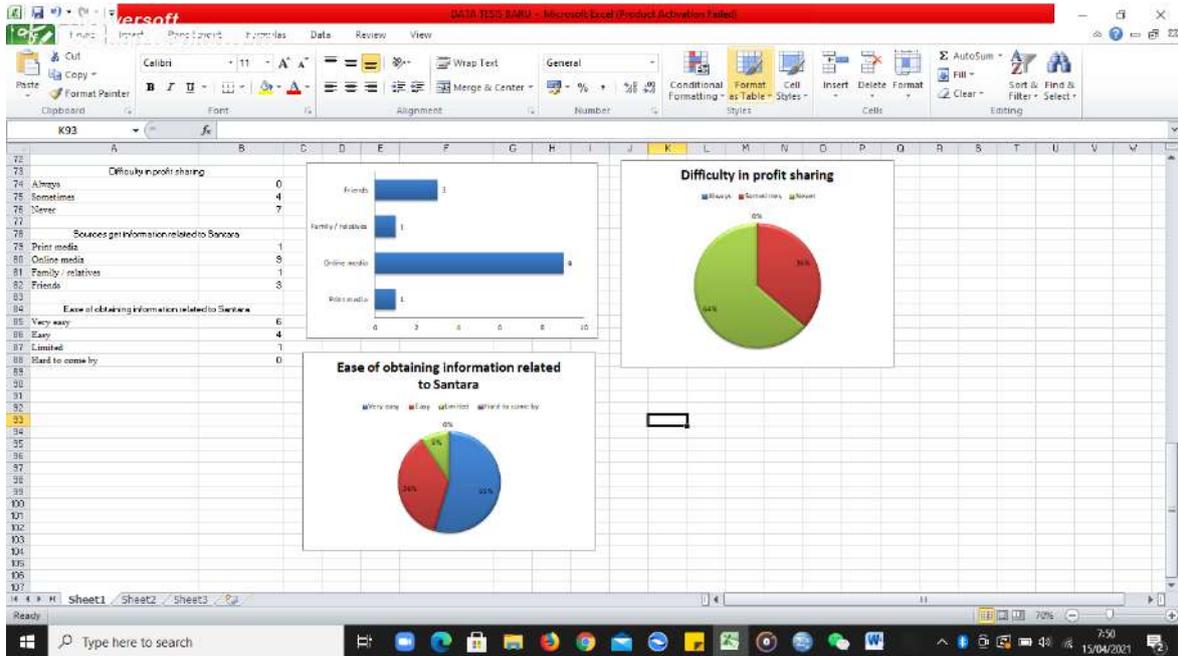


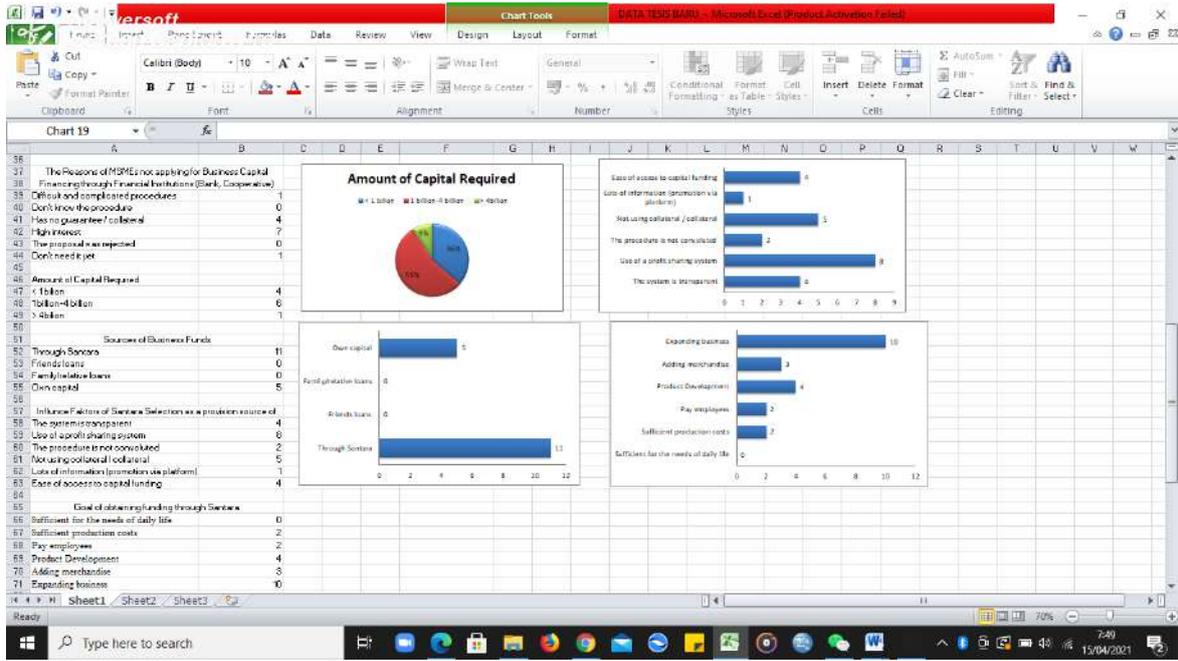
## 10. Sharing Questionnaire Through Google Form



## 11. Data Input And Data Processing







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## Acknowledgment

I want to thank Allah SWT for providing health sustenance, smoothness and ease in living this life. I also thank my family, especially my parents who always supported me in completing my studies.

I express a very big thank you to my supervisor, Professor Sun Yonglei. His great experience, noble personality, very communicative, always helpful in case of difficulties, have deep knowledge, sharp scientific insight, academic quest for innovation and strict academic attitude have provided me with managed guidance to work hard and keep improving.

To Beijing University of Chemistry and Technology, thank you for providing this wonderful opportunity, so that I can experience a great education, share unforgettable memories and be a warm and peaceful place during my studies in China.

I also want to thank my classmates kak Ika, Bang Firman, Anna, Ame, Khushi, Natalie, Nurzhan, and other members for their help and attention so far.

Dear Indonesian friends, especially Indonesian friends who studied at BUCT as a family while I was studying in China I sincerely wish everyone success..

## About author and tutor

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Elmy Nur Azizah, female, Indonesian nationality, born in 27 November 1995. From September 2014 to February 2018 studied in Financial Management Major, Faculty of Economy and Business, Muhammadiyah Prof. DR. HAMKA University with a bachelor's degree of economic. In September 2018 study for a master's degree in Business management in College of Economics and Management, Beijing University of Chemical Technology.

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Sun Yonglei, male, professor, master's supervisor of school of economics and management, Beijing University of Chemical Technology. Director of research center for Innovation management, Beijing University of Chemical Technology. His main research fields are Innovation Management of enterprise and cooperate innovation between enterprise, sustainable development, etc.

# 北京化工大学

## 硕士研究生学位论文答辩委员会决议书

研究生姓名: ELMY NUR AZIZAH 专业: 企业管理

论文题目: The Role of Equity Crowdfunding on The Development of MSMES in Indonesia (Case Study in PT Santara Daya Inspiratama)

指导教师姓名: 孙永磊 职称: 教授

论文答辩日期: 2021年6月7日 地点: 东区电教楼302室

### 论文答辩委员会成员

姓名	职称	工作单位	本人签名
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注: 此表用于存档, 除本人签名务必用钢笔填写外, 其余处必须用计算机打印。

答辩委员会对论文的评语（选题意义、文献综述、论文所取得的成果及水平、学风和论文写作水平、论文的不足之处）：

The paper of ELMY NUR AZIZAH mainly studied The Role of Equity Crowdfunding on The Development of MSMES in Indonesia (Case Study in PT Santara Daya Inspiratama), which has certain theoretical and practical significance.

Based on the interview results of PT Santara Daya Inspiratama, an equity crowdfunding company, and the results of a questionnaire from the publisher of Santara in this study, this article explores the role of equity crowdfunding in the development of small, medium and micro enterprises in Indonesia. The variables to be measured and observed are fund providers, financial facilitators and management facilitators. The results of this study show that although Santara is a relatively new equity company in Indonesia, Santara's role as an alternative to funding the development of small, medium and micro enterprises in Indonesia has received a positive response. This can be seen from Santara's ability to meet the capital requirements of small, medium and micro enterprises to operate and develop their businesses. The implemented profit sharing system is not onerous, nor will it cause difficulties for small, medium and micro enterprises, because it changes dynamically according to the company's situation. The company may not be profitable in its operations, but sometimes it will lose money. Use online media for publicity to make it easier for small, medium and micro enterprises to obtain information about the Santara system. The use of online media is also a form of introduction and financial knowledge for all small, medium and micro enterprises in Indonesia. Santara has played a role in assisting in the preparation of financial accounts and reports for small, medium and micro enterprises. Santara has also begun to play a role, providing training and assistance in the use of funds through regular inspections and guidance. In addition, Santara also plays its role, helping to provide advice, making business management better, and helping to provide advice and develop business plans. The paper has a clear point of view, sufficient evidence, and a detailed literature review.

During the defense, ELMY NUR AZIZAH gave a clear description and answered the questions basically correctly. After discussion by the defense committee and a secret ballot, it was unanimously decided that the student passed the Master's degree thesis defense and that a Master's degree.

对学位论文水平的总体评价	优秀	良好	一般	较差
				√

答辩委员会表决结果：

同意授予硕士学位 5 票，不同意授予硕士学位 0 票，弃权 0 票。根据投票结果，答辩委员会做出建议授予该同学硕士学位的决议。

答辩委员会主席签字：



2021 年 6 月 7 日