

**ANALYSIS OF SETTING UP PROVINCIAL CREDIT GUARANTEE
INSTITUTION TO ASSIST MICRO, SMALL AND MEDIUM ENTERPRISE IN
WEST JAVA INDONESIA**

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Abstract

PURPOSE - The purpose of this study is to provide assessment for the establishment of the Local Credit Guarantee institution in West Java which prudent, transparent, efficient, sustainable, and beneficial to society and national economy.

DESIGN - The research method used is descriptive research method. According to Malhotra, descriptive research is a type of conclusive research that has its major objective the description of something - usually characteristics or functions (Malhotra, 2004: 78). In this research, descriptive research is used to describe the environmental conditions of economic, social and cultural laws and institutions Credit Guarantee Corporation of West Java, which will be established.

FINDINGS - This study found that analysis of Economics environment, Politics, Law, Social and Cultural have an opportunity to set up this institution. Local Credit Guarantee Institution in West Java which prudent, transparent, efficient, sustainable, and beneficial to society and the national economy is feasible and economically profitable to be set up after analyzing operations management, human resources management, finance management and marketing management analysis.

RESEARCH LIMITATION - This research is limited to analyze on the quantity of micro, small and medium enterprise in West Java. This research has not calculated the quality of each micro, small and medium enterprise from aspect of business potential, moral hazard and comparison to other previous program that has been implemented by government.

PRACTICAL IMPLICATION - This study can be used by West Java Governor to set up Local Credit Guarantee Institution which prudent, transparent, efficient, sustainable, and beneficial to society and the national economy can be established as feasible and economically profitable.

ORIGINALITY - This paper is new way to analyze probability of setting up Local Credit Guarantee Institution from aspect of legal, economic, social and culture,

KEY WORDS: Micro, Small and Medium Enterprise, Banking, Credit Guarantee Institution,

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INTRODUCTION

Provincial Credit Guarantee Institution has become a central government program to encourage activity in the region, especially economies that are driven by the perpetrators of Micro, Small and Medium Enterprises Enterprise and Cooperative. The government recognizes the role of them is very strategic for the national economy. It has been proved by the condition of the nation's economy that is not influenced amid global crisis faced by many countries around the world. Even the Americans were affected by the global economic crisis, which until now had affected the countries in Europe. Fortunately for Indonesia not affected that nation's economy remains in a growth corridor. Major influencing factor is the nation's economic conditions are sustained by Micro, Small and Medium Enterprises Enterprise and Cooperative greatly contribute to the nation's economy.

Indonesian Government's commitment to the establishment of the Local Credit Guarantee Institution has been set forth in Presidential Decree No. 2 of 2008 the Government on January 26, 2008, on Credit Guarantee Institution. According to the regulations of this president, based on all the spirit that underlies the presidential regulation that is how government hopes to increase the role of Micro, Small and Medium Enterprises Enterprise and Cooperative in the sector, the nation's economy. In addition, the mandate also stipulated in the Law number 20 on Micro Small and Medium Enterprises.

West Java Provincial Government also commits to develop Micro, Small Medium Enterprises and Cooperatives. This is caused by the existence of Micro, Small Medium Enterprises and Cooperatives dominant in the economy of West Java, is the first, a large number of industries and found in every economic sector. Based on data from the Central Bureau of Statistics as of December 2008, it recorded the number of Micro, Small Medium Enterprises and Cooperatives in West Java was 8.2 million units. Second, the potential for a large Micro, Small Medium Enterprises and Cooperatives in employment. Each unit of investment in cooperative sector and SMEs can create more employment opportunities compared to the same investment in large enterprises. Cooperatives and SMEs sector absorbed 88.54% from 17.18 million total labor force employed in West Java.

Third, the contribution of Micro, Small Medium Enterprises and Cooperatives to GDP is significant in West Java which is about 64%. The contribution has become so important to the economic development of West Java. Fourth, the composition of bank credit for working capital of West Java, Micro, Small Medium Enterprises and Cooperatives 33.76% of the total value of 83.41 trillion rupiah, with Non Performing Loan (NPL) of 3.66%. This illustrates the level of risk from banks that lend credit to low-and actors SMEs will benefit banks as financial institutions that conduct mediation with clients.

Fifth, West Java has the industrial centers that have the potential business that is driven by perpetrators Micro, Small Medium Enterprises and Cooperatives and spread in almost all municipalities and districts in West Java. The products is produced by the center-scale industry is also exported to many countries that have proven to have a better competitiveness in the eyes of consumers who are not only in Indonesia but also abroad. Of those familiar with the centers Cibaduyut shoes that will never forget the people during his visit to Bandung City. Leather bag's central in Bogor. This is an example of the potential industries that developed by the perpetrators of Micro, Small Medium Enterprises and Cooperatives in West Java. Even West Java has the potential of coffee in Pangalengan that farmers incorporated in cooperative Kowamah. The potential is very big because of Pangalengan coffee with Arabica coffee types, already well known in foreign countries by name Preanger Coffee.

However, there is still a problem in the development of cooperatives and Micro, Small Medium Enterprises and Cooperatives in West Java. BPS survey identified various weaknesses and problems faced by cooperatives and SMEs based on priorities, which include lack of capital, difficulties in marketing the products produced, tight competition, difficulties in obtaining raw materials, lack of technical skills and production expertise, lack of managerial skills, lack of knowledge in management issues including finance and accounting. In addition, Micro, Small Medium Enterprises and Cooperatives also require the presence of a conducive business climate such as the ease in terms of licensing, adequate legislation and a stable macroeconomic condition.

Based on the above data, it can be seen that of many problems faced by Micro, Small Medium Enterprises and Cooperatives, is the top difficulty accessing capital sources from both banking and non banking finance. Of the 8.2 million Micro, Small Medium Enterprises and Cooperatives actors, only about 2 million people who get a bank credit facility. The development of some indicators of banking in West Java during the period January 2008 to March 2010 show is still not optimal absorption of small business loan fund by the principals Micro, Small Medium Enterprises and Cooperatives, particularly for productive purposes. Still there are 6 million more Micro, Small Medium Enterprises and Cooperatives who do not get capital from bank loans to expand their businesses. The existence of Micro, Small Medium Enterprises and Cooperatives business from the business side is feasible, but they experienced difficulties in the collateral is a requirement by banks in disbursement of loan funds to the community.

To overcome these problems, the Government of West Java province is committed to forming credit guarantee institution accordance with Presidential Decree No. 2 of 2008 was. Credit Guarantee Institution is one of the financial sector whose presence is required in order to increase access to banking services for the entrepreneur class of micro, small, and medium, mitigate credit risk, and improve the function of banking intermediation in general.

The purpose of this study is to provide assessment for the establishment of the Local Credit Guarantee institution in West Java which prudent, transparent, efficient, sustainable, and beneficial to society and national economy.

LITERATURE REVIEW

Ebert and Griffin defines a small business is a business owned and managed independently, and it does not dominate the small business market. Small business is not a part or branch of another company. Who run this business is the owner himself, working freely in accordance with capacity. Small business is independently owned and operated and not dominate its market. The contribution of small businesses can be measured by its effect on the three aspects of economic systems Job creation, Innovation and its importance for big business

At first, small businesses regulated in Law No. 9 of 1995 on Small Business. As needed, the acceleration of economic growth and development law, the Small Business Act is replaced by Act No. 20 of 2008 on Micro Small and Medium Enterprises which clarify and reinforce the provisions of the Act Small.

According to Law No. 20 of 2008 on Micro, Small and Medium Enterprises, which is defined as:

1. Micro is a productive enterprise owned by individual persons and/or individual business entities that meet the criteria as stipulated in the Micro this Act.
2. Small is a productive economic activities that stand alone, conducted by the individual or business entity that is not a subsidiary or branch companies not owned, controlled, or become part either directly or indirectly from medium or large business enterprises that meet the criteria of Business Small as referred to in this Act.
3. Medium Enterprises is a productive economic activities that stand alone, conducted by the individual or business entity that is not a subsidiary or branch companies owned, controlled, or become part either directly or indirectly with Small or large businesses with a total net worth or annual sales revenue as stipulated in this law.

DESIGN

Unit analysis of Study are the Bureau of Economic Administration in West Java, West Java Parliament, the Cities in West Java, related agencies of Department of Cooperatives and SMEs, Department of Agriculture, Department of Labor, Department of Marine, Bapepam LK, Ministry of Finance, Bank Indonesia, the association (HIPMI, KADIN), Banking, PT Jamkrida East Java, West Java Bappeda, Micro, Small, Medium Enterprises and Cooperatives owners, PT ASEI and PT Askrindo.

The research method used is descriptive research method. According to Malhotra, descriptive research is a type of conclusive research that has its major objective the description of something - usually characteristics or functions (Malhotra, 2004: 78). Descriptive research is research whose main goal describes something and usually characteristics or functions. Another feature of descriptive research is to not make comparisons or connect with other variables (Sugiyono, 2004: 11). In this research, descriptive research is used to describe the environmental conditions of economic, social and cultural laws and Credit Guarantee institutions of West Java, which will be established.

The data collection techniques to be used in this study are benchmarking on PT Jamkrida East Java in several aspects: the formal legal management, enterprise systems,

finance, operations, human resources and the impact on the economy of East Java, especially for.

Secondly, interviews with the management of PT Jamkrida Jatim, UMKMK in West Java, Association, Bank Indonesia, Banking, West Java Provincial Parliament, Office of Micro, Small Medium Enterprises and Cooperatives in West Java, West Java government. Third, the observation to Micro, Small Medium Enterprises and Cooperatives West Java and PT Jamkrida Jatim. Fourth, Review of laws, government regulations, Permenkeu, local regulation relating to local guarantee institution and Micro, Small Medium Enterprises and Cooperatives and local finance. The Review is also executed upon various reports of Micro, Small Medium Enterprises and Cooperatives in West Java. The data used are primary and secondary data were analyzed using qualitative and quantitative analysis using statistical.

FINDINGS

Analysis of this study is the environmental analysis Geographical and Climate, geographic position also provides the advantage of proximity to the capital city of the state, making the West Java Province to be "Backyard" or buffer of DKI Jakarta where so many business people expand their business into various areas around the capital city. Climatic conditions in west Java offers advantages for the development of agro-based Micro, Small Medium Enterprises and Cooperatives in particular. Credit guarantee institution existence will help the development Micro, Small Medium Enterprises and Cooperatives throughout West Java based on geographic and business climate.

There were 17 districts and nine municipalities and each regencies has a commitment to develop the micro, small and medium enterprises and cooperatives in each City that they are leading. Credit guarantee institution will help the city government district in Micro, Small and Medium Enterprises development in cooperation with the Office of Cooperatives and Micro, Small and Medium Enterprises in the city.

Laws and government regulations as well as the minister have become the basis of the formation of the Provincial Credit Guarantee Institution in West Java. However, the legal aspects that have not owned by the West Java Provincial Government to establish is the Regional Regulation (Perda) which is derived from the Presidential Regulation and Regulation of the Minister of Finance relating to the provincial credit guarantee institution.

Bank Indonesia West Java Regional Economic Studies at the first quarter of 2010, economic growth in West Java are estimated at 5.8% (yoy). Despite relatively high growth, achievement was a bit slow when compared to the previous quarter at 6.1% (yoy). Meanwhile, growth during 2010 is expected to increase compared to the year 2009, which is in the range of 5.3% sd 5.8%.

Gross Regional Domestic Product (GDP) of West Java, in the first quarter of 2010 of 77.2 trillion rupiah and the number is higher than the same period in 2009. The largest contribution came from the manufacturing sector. micro, small and medium

enterprises and cooperatives sector plays 60% of GDP this West Java. Annually, West Java inflation rate remained at a level of control although it increased slightly from 2.02% (yoy) in the fourth quarter of 2009 to 2.99% in the first quarter of 2010.

Credit Micro, Small and Medium Enterprises experienced improvement until the first quarter period of 2010. Based on data from Bank Indonesia, micro, small and medium enterprises and cooperatives credit position was recorded at Rp83, 41 trillion, an increase of 26.03% (yoy) higher than the growth the previous quarter (19.55%). This illustrates that the potential credit guarantee markets for micro, small and medium enterprises and cooperatives is very large. Comparisons based on a scale we can see that small credit loans (over 50 million but below 500 million) has the largest share of 38.00% ie, micro credit (under 50 million) market share reached 36.08%, and the remaining 25.92 % is a medium credit (over 500 million but below Rp 5 billion). Based on the type of use, micro, small and medium enterprises and cooperatives credit is still dominated by consumer loans with a share of 59% while the remaining 41% is productive loans (working capital and investment). These conditions need to be adjusted for use of credit would be more beneficial to the economy of West Java.

Environmental Analysis of Social and Cultural in West Java is a province that has the largest population in Indonesia. The consequences are that West Java has the potential for development of SME sector to meet their economic needs. However, socially and culturally, they have a weakness of moral hazard micro, small and medium enterprises and cooperatives perpetrators are still many who minded that the guarantees given by credit guarantee institution so they assume existing loan guarantees to banks. This was proven when the government established the Cooperative of West Java to the guarantor. The presence of the less moral hazard this would be a challenge for credit guarantee institution in guarantees given to bank. Lack of business knowledge. This illustrates the social and cultural actors micro, small and medium enterprises and cooperatives. The condition of a lack of knowledge of business principals micro, small and medium enterprises and cooperatives influenced by the education they travel so that the development of business becomes very slow and did not even exist. Their orientation is on how to get money as quickly as possible and every day because of the daily needs that must be met every day.

Micro, small and medium enterprises and cooperatives owners need assistance from the Department of Cooperatives and SMEs especially from independent agencies such as Regional Credit Guarantee Institution is due to their limitations in terms of knowledge about business. In the face of ignorance, make them become one in the management of the fund management business, particularly those who have loans from banks or non-bank institutions. The result is that the risk of bad debts that make regional credit guarantee institution in West Java will have an effect because the recipient must pay to guarantee that in this case the bank or non-bank institutions that have provided loans to the perpetrators micro, small and medium enterprises and cooperatives. High consumption levels among the perpetrators of SMEs. This is due to their knowledge and understanding of the business that is still less so the money borrowed from banks or non-bank institutions are used for non-productivity activities. The result is that money

does not rotate, but instead become a burden because it must be repaid to the lending banks.

Another disadvantage is the tight competition, difficulties in obtaining raw materials, lack the technical skills and production expertise, lack of managerial skills, lack of knowledge in management issues including finance and accounting, lack of awareness has a business license from the perpetrators of micro, small and medium enterprises and cooperatives, many micro, small and medium enterprises and cooperatives which actors more interested in non-bank credit, the number of SMEs that have not been incorporated.

However, they have good compared with large companies in payment obligations to the banks. This is evident in the credit risk of micro, small and medium enterprises and cooperatives in the first quarter of 2010 is still relatively under control and lower than the overall credit risk. Percentage of micro, small and medium enterprises and cooperatives credit gross NPLs increased from 3.23% in the fourth quarter of 2009 to 3.47%, as well as percentage of total credit Gross NPLs increased from 3.37% to 3.66%. The lower NPL micro, small and medium enterprises and cooperatives showed that the sector has a relatively better resistance.

West Java micro, small and medium enterprises and cooperatives Office Data on December 2009 noted, cooperatives reached 22,664 units, 8.2 million more micro, small and medium enterprises and cooperatives achieve business units, or 6.17 percent of total micro, small and medium enterprises and cooperatives in the Indonesian perpetrators. The number of 8.2 million is able to encourage the growth of real sector. The largest contribution to the absorption of labor in West Java, reaching 88.54 percent of the workers. Micro, small and medium enterprises and cooperatives contribution to gross regional domestic product (GDP) West Java was encouraging, reaching 60.32 percent. This achievement is a valuable capital that must be empowered in a more creative and optimal. The existence of this micro, small and medium enterprises and cooperatives been able to contribute to the economies of West Java in the form of job creation, innovation and economic growth. Another is the potential increased demand for credit by micro, small and medium enterprises and cooperatives for three months in 2010. This illustrates the potential of the micro, small and medium enterprises and cooperatives credit market continues to grow. Also, There are 70 industrial centers in West Java and industrial centers is driven by the perpetrators of Micro, Small and Medium Enterprises.

Bank Indonesia is one of the regulators in the banking industry in Indonesia. Bank Indonesia has always attached great importance to the establishment of credit insurance institution with the aim to mitigate the credit risk of banks issued for industrial sectors are still minimal bank financing.

Ministry of Finance became the highest regulator because credit insurance institution license held by the Ministry of Finance of the Republic of Indonesia. As the credit insurance institution responsible for the continuity, Ministry of Finance requesting periodic operational reports. Supervision conducted by the Ministry of Finance through the Capital Market Supervisory Agency and Financial Institution.

Banks are parties to guarantee credit acceptance and one of the lending institutions besides non-bank institutions. Banking is very concerned with the existence of this credit guarantee institution because it will be able to increase their lending.

Indonesian Chamber of Commerce and Industry (KADIN), which also will guide Micro, Small and Medium Enterprises that have a single head of the field for periodic operational reports. It shows the commitment Chamber of Commerce to assist the development them and this will be relevant to credit guarantee institution. Cooperation with the Chamber of Commerce will be able to assist the development of Micro, Small and Medium Enterprises in West Java, especially those related to financing. Chamber of Commerce also has a coaching program so that Micro, Small and Medium Enterprises can be synergized with credit guarantee institution coaching programs. Risk guarantee will be eliminated.

Indonesian Young Entrepreneurs Association (HIPMI), which also has a young entrepreneur and the presence of HIPMI very important for the Local Credit Guarantee Institution due to synergy in terms of coaching and credit guarantee to HIPMI.

Department of Cooperatives, Small and Medium Enterprises of West Java. As a responsible official in the field of cooperatives, Micro, Small and Medium Enterprises, This department has a role in mentoring Micro, Small and Medium Enterprises. Mentoring has become very important because in line with the mission to be Achieve Cooperatives and SMEs The Excellence in National and International Level

Provincial Credit Guarantee Institution is a company of Credit Guarantee to guarantee the main business activities of Credit with provincial scope. In West Java, Credit Insurance Agency is a Limited Liability Company and was named PT Penjaminan Kredit Jabar. Loans granted to Micro, Small, Medium Enterprises and Cooperatives who have a business worth but did not meet the technical requirements of banks, especially the fulfillment of collateral.

Share Ownership of Penjaminan Kredit Jabar is 100% is the government of West Java province with initial capital of Rp. 100 billion. Going forward, capital of Penjaminan Kredit Jabar will continue to grow and the composition will change come from the government district and municipality in West Java. Penjaminan Kredit Jabar has a vision to be the guarantor institution Credit prudent and reliable so as to increase the number of recipients for Micro, Small and Medium Enterprises credit in West Java. The mission are to provide a prudent credit guarantee to Micro, Small and Medium Enterprises owners who feasible, but not bankable. Become West Java Micro, Small and Medium Enterprises partners in business development. Improve economy of Micro, Small and Medium Enterprises owners in West Java. Enhance value for shareholders and increase number of loans disbursed to Micro, Small and Medium Enterprises so it can be a stimulus in the real sector.

Objectives of PT Penjaminan Kredit Jabar is implement and support the government programs in the field of development of Cooperatives, Small and Medium Enterprises by way of conducting business in underwriting, a loan with a revenue sharing scheme and the help of management consultancy.

Corporate Value adopted by PT Penjaminan Kredit Jabar is the first professional work in order to increase the value of the company. Implement good corporate

governance. Hold fast to the principle of strict risk management to minimize risk. Continuous learning to improve the quality of services to consumers. Provide guidance to the actors Micro, Small and Medium Enterprises West Java in order to minimize bad debts and develop business.

Strategies that will be used is differentiation that leads to increased differentiation and supporting business activities through a variety of business relationships between the existing value chain. Some of the strategic programs that will be implemented is credit guarantee institution will focus on markets such Micro, Small and Medium Enterprises industrial centers spread across many districts in West Java. There are 70 centers of industry-driven Micro, Small and Medium Enterprises in West Java and they already have a business together and in the long term. This attachment will be the advantages and benefits for the provision of collateral in loans granted by banks or non-bank institutions.

Look for Micro, Small and Medium Enterprises Anchor in West Java which is in line with Bank Indonesia programs. This was never submitted by the Head of Bank Indonesia Bandung where necessary Micro, Small and Medium Enterprises that acts as an anchor. The meaning is given credit guarantee, has a strong rapport with their customer, suppliers, competitors and even the distributors so that they can become role models in the provision of credit and guarantees by Credit Insurance Institution of West Java. As Micro, Small and Medium Enterprises anchor, they will be imitated by Micro, Small and Medium Enterprises who has a relationship with them this will facilitate the construction and development loans to Micro, Small and Medium Enterprises and also minimizing the risk of bad debts.

Focus in the development of management systems Credit Insurance institution of West Java. Strategic focus differentiation requires effective management and efficient so that the necessary capacity Building credit guarantee. It is done by strengthening the operational system based on rules set by the Minister of Finance and Bank Indonesia as well as monitoring conducted by Bapepam LK.

Increase the quality of human resources based on human resources management who run financial institutions like credit guarantee. One of the indicators that must be met is they have certification Risk management as this will provide vital support in risk analysis and eliminate possible risks that would arise from the guarantee given to the customer. Competency Based Human Resources Management is a concept that is not negotiable anymore to be able to give focus differentiation.

The development of cooperation with banking and non banking institutions as the party of the insured so as to minimize the risk of bad debts. Risk analysis was first performed by banks so that they filter the form of lending to banking customers, the sharing of risks with the bank that guarantees given by credit guarantee institution is 75% of the loans received by the customer, whereas a 25% is the responsibility of the banks. This will have an impact on credit quality which can be secured so that credit guarantee institution and banks seek to as much as possible to give credit to credit guarantee institution a feasible and meet the banking requirements in addition to collateral. The aim is loans will not be stuck and will not harm credit guarantee institution and banks as collateral.

The guidance to credit guarantee institution which can be done by credit guarantee with the Department of Cooperatives and Small Medium Enterprise West Java, KADIN West Java and in the City and HIPMI West Java and in the city. This differentiation will be able to provide focus for credit guarantee institution West Java. The analysis begins from West Java Marketing Segmentation, targeting and positioning and then proceed with a marketing program consisting of product, price, place, promotion, physical evidence, employees and processes.

Market segmentation of customers is based on geography such as location of banking and non banking institutions that serve Micro, Small and Medium Enterprises and cooperative in districts in West Java. It is caused by each bank and non bank institutions in the city to provide services to Micro, Small and Medium Enterprises and cooperative and even to the center of the industry. Another benefit is the presence of Cooperatives, Small and Medium-enter the respective District. It is very important because the role of this Office is to foster Micro, Small and Medium Enterprises and cooperative in the District. The existence of KADIN and HIPMI which has branches to the district so it can be a partner in the development of Micro, Small and Medium Enterprises and cooperative and in particular in terms of guaranteeing loans by credit guarantee.

In addition to segmentation based on geography, is also done based on demographic segmentation is based on an existing industrial district in West Java. Industrial centers are spread across various cities in West Java.

Target market is a bank or non-bank institutions that serve Micro, Small and Medium Enterprises and cooperative in one of industrial centers. The positioning credit guarantee West Java is the guarantor institution, with prudent and reliable for Micro, Small and Medium Enterprises and cooperative in West Java.

Marketing mix which is run by PT Penjaminan Kredit Jabar is in terms of product. Items guaranteed not to conflict with the Regulation of the Minister of Finance of Commercial Credit Guarantee, Credit Guarantee Multi Purpose, Agribusiness Guarantee Credit, Micro Credit Guarantee, Credit Guarantee Construction, Rural Credit Guarantee, Credit Guarantee Distribution, Financing the Sharia and the Guarantee Cons. In addition, management consulting to the Micro, Small and Medium Enterprises and cooperative owners.

Tariffs set 1.5% per year, payable in advance at once and become customer load, adjusted to the character of the guaranteed credit scheme. The assumption is, tariff 1.5% net rate is calculated from a secured credit ceiling.

Functional activity PT Penjaminan Kredit Jabar will be conducted in Bandung as the central office, while for branch offices, will be established throughout the Capital District in all areas of West Java. As for the credit guarantee product marketing activities, cooperate with the banks that became his partner.

PT Penjaminan Kredit Jabar does not do the campaign openly, in other words do not do the campaign directly. PT Penjaminan Kredit Jabar system of Relationship Marketing, which is to establish good relations with banks, because of that will bring higher income due to marketing activity more effective and efficient.

Appropriate modern management philosophy, corporate look and positioning of human resources as an element of a company that is very valuable and very important in the process of business activities, not only as factors of production which is the cost for the company. Understanding the importance of the role of HR for the company, management has made many in the field of human resource development. Launching and implementation of formal and informal education programs at home and abroad with scholarship support, is one of human resource development efforts which will be firm.

According to Payne (1993), all work activities is a process. The processes include the procedures, tasks, schedules, mechanisms, activities and routines which a product or service delivered to customers. Mechanism of service of PT Penjaminan Kredit Jabar assurance system is to apply the principle guarantor company follows the bank and it is possible to use the principle follows the guarantor bank.

According to Lovelock (1999), physical evidence or physical evidence is the other visual clues that give tangible proof of quality service. Physical evidence of the existence of credit guarantee approval by the PT Penjaminan Kredit Jabar Guarantee Certificate (SP) which can then be used to apply for loans to financial institutions.

The main activity of PT Penjaminan Kredit Jabar provides a guarantee to financial institutions consisting of the Bank and non-bank institutions for compliance with financial obligations of Credit Recipients of the perpetrators of Micro, Small, Medium Enterprises and Cooperatives in West Java. The existence of PT Penjaminan Kredit Jabar this will help them to access financing sources, both from banks and other business entities.

As for the meaning of credit is the provision of money or bills can be equated with that, based on the consent of the borrowing and lending between financial institutions with another party that requires the borrower to repay the debt after a certain period of time with interest.

Credit is given to productive effort is an attempt to produce goods and / or services to add value and increase revenue for the Guaranteed. Recipient guarantee that a financial institution made up of Bank and Non Bank Financial Institutions

Which may be secured party in this PT Penjaminan Kredit Jabar is the party that has obtained the credit and financing from Financial Institutions Financial Institutions or beyond that guaranteed by the Guarantor either individual, corporation, limited liability company, a business unit of foundations, cooperatives and micro, small and medium enterprises.

Based on Presidential Regulation no. 2 year 2008, there were some things that relate to human resources management PT Penjaminan Kredit Jabar structure at least has a function of risk management, financial management functions, service functions of the development function of debtor information. Management at least supported by the system of human resource development, systems and work procedures, systems administration, data processing, and annual work plan and budget.

Executive at least meet the criteria for having the knowledge, experience or expertise in the field of risk management, management of companies engaged in financial services; never been convicted of a felony. Human resources uses

Competency-based Human Resources, where all levels of management and staff of commissioners and directors and staff are selected and appointed on the basis of competencies required for each position.

There are commissioners who oversee the running of the company. Commissioners represent the shareholders of the government of West Java Province. Commissioner has the world of banking and business experience of Micro, Small and medium enterprises as well as understand the various regulations relating to the Company. In addition, regulations related to banking, the bank of Indonesia, Minister of Finance, Bapepam LK and has certification in Risk Management. This aims to ensure operational PT Penjaminan Kredit Jabar according to the rules set by the government. The boards of director consist of one managing director and three directors are operations directorate, directorate of marketing and directorate of finance, human resources and general affair.

Managing Director is responsible to the Board of Commissioners and the duty to run company to achieve the vision, mission and corporate objectives that have been established and agreed upon by the board of commissioners. Operations Director is responsible to the board of commissioners through a chief executive. There are three departments under the directorate of operations, which the department of risk analysis, claims Department and the Department of Planning and development company. Marketing Director is responsible to the board of commissioners through a chief executive. There are three departments under the directorate of operations, which the marketing department, micro, small and medium enterprise development department, training and consultancy for UMKMK department. Financial Director, Human Resources and General Affairs are responsible to the board of commissioners through a chief executive. There are six departments under the directorate of operations, which the department of finance, investment department, human resources department, the Department of legal, department of Information and Technology, department of general affair.

Financial management is based on PT Penjaminan Kredit Jabar burden of 75% and 25% guaranteed by banks. The condition for this analysis is optimistic cash flow projections show the number of cash balance in the first year (2011) amounted to Rp.108.095.287.500, - and continues to increase with the accretion of Rp.1.408.892.490, - in the second year, Rp.1.931.402.769 , - in his third year, Rp.2.608.607.250, - in the fourth year. Judging from the position of cash ending balance each year can be seen that this exciting and profitable investment.

Pessimistic conditions for this analysis is the cash flow projection shows the total cash balance in the first year (2011) amounted to Rp.108.095.287.500, - and continues to increase with the accretion of Rp.701.533.845, - in the second year, Rp.1.106.407.889 , - in his third year, Rp.1.647.128.821, - in the fourth year. Judging from the position of cash ending balance each year can be seen that this investment attractive and profitable.

RESEARCH LIMITATION

This research is limited to analyze on the quantity of micro, small and medium enterprise in West java. This research has not calculated the quality of each micro, small and medium enterprise from aspect of business potential, moral hazard and comparison to other previous program that has been implemented by government.

CONCLUSION

Based on the study has been done to the environment Economics, Politics, Law, Social and Cultural Rights, operations, human resources, finance and marketing, it can be concluded that the Regional Credit Guarantee Institution in West Java which prudent, transparent, efficient, sustainable, and beneficial to society and the national economy can be established as feasible and economically profitable.

SUGGESTION

The government needs to do more in-depth study on the potential micro, small, medium enterprise and cooperative spread in West Java since it is very closely related to their activities as the economic wheel drive community. At this time, players will only use the knowledge of micro, small, medium enterprise and cooperative to pickup to run a business so that the level of productivity is still low. The need for policy synergy micro, small, medium enterprise and cooperative development throughout the City in West Java that impact more felt by the them, scattered throughout West Java. Government needs to invest in shares PT Penjaminan Kredit Jabar in order to participate actively in the operations.

West Java Provincial Government to accelerate the release of the DPRD of West Java Regional Regulation (Perda) regarding the Credit Guarantee Institution. The government is expected to participate actively in maintaining the business climate so that economic growth continues to increase western Java, controlled inflation and GDP is increasing.

Related government to micro, small, medium enterprise and cooperative to obtain accurate data as a basis for policy decisions. PT Penjaminan Kredit Jabar in cooperation with the Department of Cooperatives will guide micro, small, medium enterprise and cooperative who has received or will receive credit from banks or non-bank institutions. Cooperates with KADIN West Java and HIPMI West Java to do so guidance to social and cultural circumstances micro, small, medium enterprise and cooperative players will get better. PT Penjaminan Kredit Jabar is managed professionally by basing on the rules set by the Minister of Finance, Bank Indonesia and Bapepam LK.

Human resources have competence in accordance with PT Penjaminan Kredit Jabar management positions. Implementation of Competency Based Human Resource is a matter that cannot be released. This can be seen from the certification manager PT Penjaminan Kredit Jabar especially in Risk Management certification.

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