



# The Effect of Restructuring, Industrial Sector and Loan Nominal on Asset Quality of MSME Debtors Affected by the Covid-19 Pandemic

Fitria Sarah<sup>1</sup>, Rida Rahim<sup>2</sup>, Fajri Adrianto<sup>3</sup>

<sup>1,2,3</sup>Master of Management, Universitas Andalas, Padang, Indonesia

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## ABSTRACT

COVID-19 has an impact on SMEs. Therefore BNI is making efforts to save credit in the form of credit restructuring for debtors who are caused by COVID-19. The aim of this study is to determine the effect of restructuring, nominal loan size, and the business industry sector on the Quality of MSME Debtor Loan Assets in West Sumatra Province, Riau Province and Riau Islands Province. This research is quantitative research with the object of research namely PT. Bank Negara Indonesia (Persero) Tbk. The sample in this study was 210 indicators taken using a purposive sampling technique. The collected data is then analyzed statistically with SPSS. The results of this study show that the Provision of Restructuring has a significant effect on the Quality of Debtor Assets at PT Bank Negara Indonesia (Persero). Then, the Industrial Sector partially has a significant effect on the Quality of Debtor Assets at PT Bank Negara Indonesia (Persero) Tbk. The nominal loan partially has a significant effect on the quality of the debtor's assets at PT Bank Negara Indonesia (Persero) Tbk. Gender moderates the relationship between Restructuring Grants and Debtor Asset Quality at PT Bank Negara Indonesia (Persero) Tbk Regional Office 02. However, gender partially does not significantly moderate the relationship between the Industrial Sector and Debtor Asset Quality at PT Bank Negara Indonesia (Persero) Tbk. Gender moderates the relationship between the loan nominal and the quality of the debtor's assets at PT Bank Negara Indonesia (Persero) Tbk.

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### Corresponding Author:

Fitria Sarah,  
Master of Management,  
Universitas Andalas,  
Email: [ridarahim@eb.unand.ac.id](mailto:ridarahim@eb.unand.ac.id)

## INTRODUCTION

COVID-19 not only has a bad impact on health, however, it can also have an impact on some wrong sectors in the economic sector. The effect of the COVID-19 pandemic is felt by business owners of Micro, Small, and Medium Enterprises (MSMEs). MSMEs are one of the deep strategic national economies which can be seen from the absorption of the workforce (Abidin, 2015). Small

business including ones most hit by the crisis COVID-19, a lot which close temporary endeavor time and more far away face obstacles current cash (Baker & Judge, 2020).

Based on bank data Indonesia (BI) 2021, as many 87.5% MSME in Indonesia affected by the pandemic Covid-19 and as much 93.2% of MSMEs are affected on its side sales which decrease. MSMEs affected by the COVID 19 pandemic who have access to bank capital finance are experiencing problems with their credit which causes a high risk for the bank and will have an impact on company profits. BNI as a banking financial institution that supports the development of MSMEs through its loan program and is the Best KUR Channel I of 2019 has distributed loans to various industrial sectors with loan amounts to debtors according to the MSME business scale. Since the COVID 19 pandemic took place, BNI has made efforts to save credit in the form of restructuring credit to debtor which affected COVID-19. This aims to reduce the risk of bad credit due to the impact of the pandemic being felt by MSMEs.

According to Disemadi & Shaleh (2020) granting restructuring to debtors who are identified as affected by the spread of COVID 19 is a policy arrangement in dealing with economic instability due to the spread of COVID. This shows that the restructuring had an effect positive to Loan Asset quality. In an effort to save credit, as of 31 December 2020 BNI has book that loan restructured with stimulus COVID-19 is as big Rp. 102.4 trillion or 18.6% of total loan. This made BNI experience a low profit increase. In the midst of the challenges of the current COVID 19 pandemic and the readiness of banks in face risk the loss, the bank obliged to guard quality asset productive. Evaluation asset quality reflects ability management deep bank managing assets productive.

The condition of the NPL (Non Performing Loan) reflects this external factors that causes failed debtor make payments from the loan, thus raising the quality of credit assets problem. If the NPL increases high then the higher the arrears credit interest thus causing a decrease in income. Based on research conducted by Ross, (2011), Andersson & Nordenhager (2013) and Indrawati (2008) it is known that the NPL has a negative effect on the company's income. Under the current conditions, the OJK issued regulations for banks through POJK No 11/POJK.03/2020 concerning the National Economic Stimulus as a Countercyclical policy that MSME debtors who affected by COVID 19 can be given a stimulus in the form of restructuring by the bank.

Based on that matter, researchers do research with the aim is to see the effect of restructuring, loan nominal size, and the business industry sector on the Quality of MSME Debtor Loan Assets in the Province Sumatra West, Province Riau and Province Riau islands. The selection of this area was based on map data for the spread of Covid-19 in Indonesia; Province Sumatra West, Province Riau and Archipelago Province Riau is 3 (three) provinces, each of which is ranked 12 (twelve), 8 (eight) and 16 (sixteen) out of 33 Provinces where there is a spread of Covid-19. However, from the provision of the COVID-19 Restructuring that has been given by the Financial Institution (dhi BNI) to MSME businesses the 3 (three) provinces are ranked 28 (twenty eight) and are inversely proportional to the spread of Covid-19.

In managing the debtor's business, researchers will also look at the influence of the gender of the business owner who has experienced the impact of the COVID 19 pandemic, which can moderate the quality of loan assets. According to Sherlywati et al. (2017), male businessman more flexible and anticipation against changes environment, so predictable that the creativity of male entrepreneurs is more good in comparison with businessmen woman. Whereas female entrepreneur hardly have tolerance to environmental changes that happened. In addition, the more mature women entrepreneurs are, the more careful they are in making decisions by thinking more about the risks or impacts that occur in financial management in running their business.

## RESEARCH METHOD

This study is quantitative by using 3 variables namely the independent variable, the moderating variable and the dependent variable. The independent variables consist of Restructuring, Industrial Sector, and Loan Amount. Gender (Gender) as Moderation Variable. While the dependent variable is Debtor Credit Asset Quality. The object of this research is PT. Bank Negara Indonesia (Persero) Tbk Office Region 02 with a work area of 3 provinces namely Riau, West Sumatra, and Riau Archipelago which is located at Jalan Dobi No.1 Padang City, West Sumatra. Phone Number: (0751) 890005-08. The data used in research is quantitative data in the form of primary data obtained directly from the debtor as respondents through questionnaires filled out by respondents. Population used in research is an existing MSME debtor at PT Bank Negara Indonesia (Persero) Tbk Area West Sumatra, Riau and the Riau Islands totaling 4,701 debtors. While the sample used as many as 210 debtors as respondents through a questionnaire filled out by respondents with a composition of 70 debtors from West Sumatra Province, 70 debtors from Riau Province and 70 debtors from Riau Islands Province. Sample taken using purposive technique samples with the criterion is the sample is an MSME debtor registered at PT. Bank Negara Indonesia (Persero) Tbk Regional Office 02 as of 31 December 2021, has been a debtor since before 2020, the debtor is still in the current category (Collectibility 1) as of 29 February 2020. Data collected then in the analysis quantitatively using the SPSS application.

## RESULTS AND DISCUSSIONS

### Characteristics Respondents

Following is characteristic the respondents used in this study were as many as 210 respondents.

**Table 1.** Respondent Characteristics Profile

Characteristics	Category	Amount	Percentage
Gender	Man	149	70.95%
	Woman	61	29.05%
Age	< 20 years	4	1.90%
	20-30 years	22	10.47%
	31-40 years	114	54.28%
	41-50 ahun	55	26.19%
	> 51 years	15	7.14%
Marital status	Not married yet	0	0%
	Marry	205	97.62%
	Ever been married	5	2.38%
Domicile	West Sumatra	70	33.33%
	Riau	70	33.33%
	Riau Islands	70	33.33%
Type of Debtor Product	KUR	117	55.71%
	BWU	12	5.71%
	BCM	57	27.14%
	Commercials	24	11.42%
Long Being a Debtor	<3 years	89	42.38%
	3-5 years	106	50.47%
	>5 years	15	7.14%

Table 1 shows that amount more respondents many boys that is equal to 70.95% with more age 31-40 years. Marital status of most respondents with married status with a percentage of 97.62%. The majority of debtors as objects of this study are debtors with KUR products of 55.71%, followed by debtors with BCM products with a percentage of 27.14%, then debtors with Commercial products with a percentage of 11.42%, and the remaining 5.71% Debtors with BWU

products . In addition, table 1 also shows that respondents are dominated by debtors with 3-5 years as BNI debtors

**Test t**

Testlin this researchlused forlknow influencelbetween one variablelwith variableslother. Iflsignificantly more valuelsmall ofl0.05 (sig<0.05)lthen the data has a significant effectlto the dependent variable. Followingltest resultslt in this study:

**Table 2. Model Regression**

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	std. Error	Betas			tolerance	VIF
1	(Constant)	-.158	1,481		-.106	.915		
	SR	.880	.395	-.957	-2,230	.027	.003	288,349
	SI	-.047	.053	-.092	-.889	.375	.006	16,908
	NP	3,531	.628	3,288	5,622	.000	.002	535,869
	SR*JK	.125	.027	4,088	4,562	.000	.001	1257,751
	NP*JK	-.227	.045	-5,542	-5,025	.000	.001	1905.367

a. Dependent Variable: KA

Excluded Variables								
Model	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics			
					tolerance	VIF	Minimum Tolerance	
1	SI*JK	1.424b	.204	.839	.014	1.313E-5	76158.988	1.313E-5

a. Dependent Variable: KA

b. Predictors in the Model: (Constant), NP\*JK, SR, SI, JK, SR\*JK

Table 2 showslthat there islsignificant influencelbetween the Granting of Restructuring on the Quality of the Debtor's Assets. This can be seen fromlsiglof 0.027lor less thanl0.05 (0.027 <0.05). WhereaslUnstandardized Coefficients value of 0.880 showslrelationship directionlwhich is positive significant. These results also indicate that the 1st hypothesislin this study was accepted. In addition, Table 2 alsolshows thatlthere is influencelsignificant difference between the industrial sector and the debtor's asset quality. This can be seen from the sig value of 0.06 or less than 0.05 (0.06 <0.05). Meanwhile, the Unstandardized Coefficients value of -0.047 indicates a significant negative relationship. These results indicate that the 2nd hypothesis is deeplthis researchlreceived.

There islthat influencelsignificant difference between Gender moderates the Provision of Restructuring on the Quality of Debtor's Assets. This is reviewed from the siglof 0.000 or less than 0.05 (0.000 <0.05). Meanwhile, the Unstandardized Coefficients value of 0.125 indicates a significant positive relationship. These results also indicate that the 1st hypothesis in this study is accepted. Notlthere islsignificant influencelbetween Gender moderate the Industrial Sector againstlDebtor Asset Quality. This can be seen from the sig value of 0.839 orlgreater thanl0.05 (0.839 <0.05). These results indicate that the second hypothesis in this study is not accepted. data thatpresented in table 2 showslthat there is influencelsignificantlbetween Gender moderates the Loan Nominal on the Debtor's Asset Quality. Thinglthis can be seenlfrom siglof 0.000 or less than 0.05 (0.000 <0.05). Meanwhile, the Unstandardized Coefficients value of -0.227 indicates a significant negative relationship. These results also indicate that the 1st hypothesis in this study is accepted.

**CoefficientlDetermination (R2)**

The coefficient of determinationlused forltesting goodness-of-fitlof modelslregression, that is how muchlgreat influenceldependent variablelto variablesldependent. The following is a table showing the test resultslcoefficient of determination (R2):

**Table 3.** Adjusted R2 Test Results

Summary models					
Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.933a	.870	.867	.48446	.325

a. Predictors: (Constant), X3\*Z, X1, X2, X3, X1\*Z

b. Dependent Variable: Y

Table 3 shows that the value of Adjusted R Square of 0.867 indicates that 0.05% of the Asset Quality variable can be explained by the variables X1 (Restructuring Grant), X2 (Industrial Sector), X3 (Loan Nominal) and Z (Gender) moderating X1 (Restructuring Grant), X3 (Loan Nominal), while 99.95% of Asset Quality variables explained by other variables that are not observed in research.

## Discussion

### a. The Effect of Restructuring on the Quality of Debtor Assets

The results of this study indicate that the Provision of Restructuring has a significant positive effect on the Quality of Debtor Assets, this is indicated by the sig value. of  $0.027 < 0.05$  and the coefficient value is 0.880. This result is in line with research conducted by several researchers, namely, Disemadi & Shaleh (2020), Chosyali & Sartono (2019), Priatna et al. (2017), Dardac et al. (2011) which states that the Provision of Restructuring has a significant effect on the Quality of Debtor Assets.

The provision of restructuring has a significant effect on the Quality of Debtor Assets at PT Bank Negara Indonesia (Persero) Tbk Regional Office 02 with the areas of West Sumatra, Riau and Riau Islands Provinces. This means that the greater the amount of restructuring given, the better the quality of assets of debtors affected by the Covid-19 pandemic in the company compared to the smaller number of restructurings given to debtors affected by the pandemic. This is because debtors who have been affected by the pandemic have had difficulties with their business and income so that it will affect the capacity to pay debtors' obligations to the bank compared to normal conditions. So that the greater the restructuring given to debtors affected by the pandemic, the better the quality of the debtor's assets will be.

### b. The Influence of the Industrial Sector on the Quality of Debtor Assets

Based on the results of this study, it is known that the Industrial Sector has a significant negative effect on the Quality of Debtor Assets, this is indicated by the sig value. of  $0.06 < 0.05$  and the coefficient value is -0.047. The results of this study are in line with research conducted by Tobing (2020), which explains that the industrial sector has a significant effect on the quality of debtors' assets.

Results This shows that the less the industrial sector is affected by the Covid-19 pandemic, the better the quality of the debtor's assets. As the sector knows The most affected businesses are business sectors that rely on crowds such as tourism, events or shows, exhibition, mall; support businesses such as mass transit, ticketing, hotels, seasonal trade/souvenirs, etc; business that doesn't can implement physical / social distancing like saloon, barbers, taxis, spa, children's games, to house cleaning services, etc.; tertiary product business whose sales depend on community savings funds (such as property, personal vehicles, body care, hobbies, etc.) and supporting businesses such as leasing and other lending institutions. The energy sector is also experiencing great pressure due to a drastic reduction in business activity. So if more and more business industry sectors as above are affected by the pandemic, it will affect the quality of the debtor's assets because it is related to the debtor's business and income in that sector to the Bank in paying his obligations to the Bank every month.

### c. Effect of Loan Nominal on Debtor Asset Quality

Based on research results are known that the Loan Amount has an effect significant positive on the Quality of Debtor Assets, this matter marked by sig value of  $0.000 < 0.05$  and the coefficient value is 3.531. This is in line with the results of research conducted by several researcher, between another namely, Anwar (2010), Fatima (2019), Arifin (2020) that the loan nominal has a significant effect on the quality of the debtor's assets.

Based on these results can concluded that Loan Nominal has a significant effect on Debtor Asset Quality at PT Bank Negara Indonesia (Persero) Tbk Regional Office 02 with the areas of West Sumatra, Riau and Riau Islands Provinces, meaning that the greater the Debtor's Loan Nominal, the quality of the debtor's assets affected by the Covid-19 pandemic in the company will be better than the nominal loan of a smaller debtor. This is because debtors who have credit facilities with large nominal loans are able to fulfill their monthly payment obligations to the Bank due to the large scale of the debtor's business. This will make debtors with a large nominal maintain the quality of their assets so that the larger the debtor's loan nominal, the better the quality of the debtor's assets.

### d. The influence of Gender in moderating the relationship between Restructuring Grants, Industrial Sector and Loan Nominal on Asset Quality

The results of testing the influence of Gender in moderating the relationship between Restructuring Grants, Industrial Sector and Loan Nominal on Asset Quality (H4) PT Bank Negara Indonesia (Persero) Tbk Regional Office 02 with the Provinces of West Sumatra, Riau and Riau Islands state that Gender moderates the relationship between Provision of Restructuring and Loan Nominal to Asset Quality. So it can be concluded that gender moderates the relationship between Restructuring Grants and Loan Nominal on Asset Quality at PT Bank Negara Indonesia (Persero) Tbk Regional Office 02 with the areas of West Sumatra, Riau and Riau Islands Provinces.

## CONCLUSION

Based on the description of the results and discussion, can pulled the conclusion that the Provision of Restructuring has a significant effect on the Quality of Debtor Assets at PT Bank Negara Indonesia (Persero) Tbk Regional Office 02 with area of West Sumatra, Riau and Riau Archipelago Provinces. Then the results of testing the second hypothesis (H2) prove that the Industrial Sector is significantly partially influential significant to Debtor Asset Quality at PT Bank Negara Indonesia (Persero) Tbk Regional Office 02 with areas of West Sumatra, Riau and Riau Islands Provinces. Furthermore, the results of testing the third hypothesis (H3) prove that the nominal loan partially has a significant effect on the quality of the debtor's assets State Bank PT Indonesia (Persero) Tbk Regional Office 02 with the Province area West Sumatra, Riau and the Riau Archipelago.

The results of testing the fourth hypothesis (H4) prove that gender moderates the relationship between the Provision of Restructuring on the Quality of Debtor Assets at PT Bank Negara Indonesia (Persero) Tbk Regional Office 02 with the areas of West Sumatra, Riau and Riau Islands Provinces. The results of testing the fifth hypothesis (H5) prove that gender is significant Partially not significantly moderate the relationship between the Industrial Sector and the Quality of Debtor Assets at PT Bank Negara Indonesia (Persero) Tbk Regional Office 02 with areas of West Sumatra, Riau and Riau Islands Provinces. Finally, the results of testing the sixth hypothesis (H6) prove that gender moderates the relationship between the loan nominal and the quality of debtor assets at PT Bank Negara Indonesia (Persero) Tbk Regional Office 02 with the areas of West Sumatra, Riau and Riau Islands provinces.

That suggestion researchers can provide, namely it is hoped that further research will use that sample bigger and wide agar results obtained research that better, more can generalized, yes give an ideal which is more real about debtor's asset quality. In addition, further research is

expected can test another factor that can influence asset quality like Character, Capacity, Debtor Capital and Collateral. So that it can provide a bigger picture of matters that affect asset quality or the ability of debtors to pay their obligations during the Covid-19 pandemic.

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