Abstract. MSMEs are one of the sectors that have been tested in times of crisis. The government hopes that SMEs will be able to boost economic growth. The purpose of this study was to identify the characteristics of SMEs in Medan Denai District. Data used; MSME business licenses, number of workers, education level, wages, gender, job training and production technology, as well as data from relevant agencies. The results of data analysis describe micro-enterprises having the least business licenses; small business has the longest business age; medium-sized enterprises have the largest number of workers; small businesses have a workforce that has the highest level of education; medium-sized business workers receive a salary according to the minimum wage; The majority of female workers are in the small business sector, while men are mostly in the micro business sector; the most micro-enterprise workers attend training; Traditional technology is mostly carried out by the micro-enterprise sector, electricity is carried out by medium-sized businesses, while mechanics is used by small businesses.

Keywords: Characteristics, Business Profile, MSME

1 Introduction

The number of Micro, Small and Medium Enterprises (MSMEs) after the COVID-19 pandemic continues to increase, this is inseparable from the challenges and conditions faced by the community which demand that they continue to adapt to the economic situation. Changes and patterns of consumption of goods and services also accelerate digital transformation in various sectors. MSMEs as one of the most flexible economic sectors to change, are also required to continue to transform so as not to miss contributing to the economy. The importance of the role of MSMEs in the Indonesian economy is very significant. According to (Ministry of Investment / BKPM n.d.) describes several things the role of MSMEs, including; a contribution to GDP of 61.97% of the total national GDP or equivalent to Rp. 8500 trillion in 2020, a large employment absorption of around 97% of the absorption of the business world in 2020; MSMEs were also able to absorb loans of more than 1 trillion in 2018.

Medan as one of the big cities in Indonesia which has rapid economic growth in various sectors, including MSMEs as one of the supporting sectors for Gross Regional Domestic Revenue (GRDP). MSMEs managed to help 29.46% for the GRDP of the city of Medan. This is a fairly large number, despite various obstacles in the community of MSME actors, such as low public knowledge, lack of financial literacy and low access to financial institutions. In other words, the contribution of MSMEs can still be increased if the government is able to overcome the problems of MSME actors. In general, the development of Medan City's GRDP from 2018 -
2020, the largest sector that contributes is the wholesale and retail trade sector, car and motorcycle repairs. In accordance with the characteristics of urban communities where most people depend on trade for their lives, due to the increasingly limited natural resources in the city. The continuous development of various sectors in the city of Medan is an opportunity for MSME actors to continue to carry out digital transformation, in order to be able to answer challenges and the needs of the people of Medan City. The flexibility of MSME actors can move in various sectors, from upstream to downstream production. Starting from retail traders, wholesalers to the production level. Medan consists of 21 sub-districts, the administrative area of Medan City is 26,510 hectares and the number of villages is 151 villages. Medan Labuhan District is the most extensive sub-district, and is followed by Medan Mainum District. (RPI2JM 2019). The contribution of MSMEs in Medan City is also unquestionable as in table 1.2 it can be seen the number of MSMEs in Medan City in 2019.

<table>
<thead>
<tr>
<th>No</th>
<th>Type of business</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Micro business</td>
<td>918</td>
</tr>
<tr>
<td>2</td>
<td>Small business</td>
<td>113</td>
</tr>
<tr>
<td>3</td>
<td>Medium business</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Department of Cooperatives and MSMEs in Medan City

The city of Medan, which is the third largest city in Indonesia, has various sectors as a source of community income. The wholesale and retail trade, car and motorcycle repair sectors are the largest contributors to the regional gross domestic product. As a metropolitan city, the trade and service sector is the main livelihood of the population. However, population growth that continues to occur has resulted in the number of poverty being still quite large even though it showed a declining figure in 2015 – 2019, besides that the number of unemployed was still at 8.53% of the total population in 2019 in Medan City. This figure is quite large and is still a problem for the Medan City Government. The development of MSMEs can be one solution to overcome the problems of poverty and unemployment. Medan Denai Sub-district as one of the sub-districts in Medan City, is inhabited by various ethnic groups, including Batak, Mandailing, Minang, Javanese, Malay, Acehnese and various other tribes. There are many types of MSMEs located in Medan Denai District, ranging from making shoes, curtains, clothes and other wholesale and retail traders, all adding to the repertoire of MSME profiles in Medan City. The purpose of this research is to identify the characteristics and describe the profile of MSMEs in Medan Denai District.

2. Literature Review

Micro, Small and Medium Enterprises (MSMEs) were founded by an entrepreneur, namely someone who has the characteristics of courage, virtue, exemplary in deciding a problem and taking risks, and all of his actions are his own decisions and based on his own abilities. Entrepreneurs will not focus on developing a business vision, power of innovation and creativity, in contrast to entrepreneurs (entrepreneurs) who are creative and innovative people who are able to realize the welfare of themselves and the community and their environment. An entrepreneur has several characteristics, including being a hard worker, unable to give up, tenacious and diligent in trying, always looking for new opportunities and challenges, pursuing opportunities that are considered to have the most potential to develop in the future, honest and always disciplined and responsible. full of all decisions and actions. (Sidin and Indiaarti 2020).
Micro, Small and Medium Enterprises (MSMEs) are a type of business that has a net worth of at most Rp. 200 million, excluding buildings for business premises. MSMEs are classified from several perspectives or approaches taken by institutions or agencies and even laws. According to Law No. 20 of 2008 concerning MSMEs, it provides an understanding and classification based on assets and turnover of each business scale based on Table 2.1. Micro, Small and Medium Enterprises (MSMEs) have various definitions according to agencies and several institutions, in accordance with Law No. 20 of 2008, concerning Small, Micro and Medium Enterprises, namely; Micro Enterprises are productive businesses owned by individuals or individual business entities that meet the criteria for micro enterprises as regulated in this law; Small Business is a stand-alone productive economic business carried out by individuals or business entities that are not subsidiaries or branches; Medium-sized businesses are productive economic businesses that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned or controlled or become part of either directly or indirectly with small businesses or large businesses with total net assets or annual sales proceeds, as regulated.

The contribution of MSMEs to the economy cannot be denied anymore, this is related to the advantages and disadvantages of businesses in this sector. Some of the advantages of MSMEs are: simple internal organization, able to improve the social/compact economy, relatively safe for banks in providing credit, moving in a fast-producing field, being able to shorten the distribution chain so that goods can go directly to consumers, more flexible to develop business. While the disadvantages are: The managerial management is still weak and very simple, the availability of money as capital for business development is limited, the limitations of meeting market needs, the limited knowledge and technology of MSME actors, the inability of information, regulations and policies that do not support the development of the MSME sector, coordination in the network and cooperation that has not been optimal among others. SMEs, the resulting production often does not meet market standards so that they experience obstacles in competing with manufactured goods. (Nurafuah 2015). The MSME sector is considered the most capable of being a solution to overcome the problem of poverty in Indonesia, because it turns out that the MSME sector has a large contribution to employment, about 99.45% of which come from the MSME sector. The poverty alleviation action program through the empowerment of MSMEs that has been designed by President Yudhoyono on February 26, 2005, has four main types of activities to be carried out, namely; growing a conducive business and climate, developing business support systems, developing entrepreneurship and competitive advantage, and empowering micro-scale businesses. (Yuli Rahmini Suci 2008).

<table>
<thead>
<tr>
<th>Scale enterprises</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro business</td>
<td>Maximal Rp50 million</td>
</tr>
<tr>
<td>Small Business</td>
<td>Rp50 million-Rp500 million</td>
</tr>
<tr>
<td>Medium Business</td>
<td>Rp500 million-Rp10 billion</td>
</tr>
</tbody>
</table>
3. Research Method

Methods The research was conducted in a qualitative descriptive manner. The data taken is the profile of MSME actors in Medan Denai District. The data taken are monthly data and annual data, namely from January 2015 to December 2020. The data collection technique used in this study is the documentation method, using primary data from MSE actors and secondary data available at Bank Indonesia, the Central Agency National Statistics, Department of Cooperatives and SMEs Medan City, print and online newspapers and other sources related to the research.

4. Research Results

Micro, Small and Medium Enterprises (MSMEs) are currently one of the most reliable sectors to revive economic conditions in Indonesia. This study will describe MSMEs, especially in the District of Medan Denai - Medan City. Medan Denai Subdistrict is one of 21 subdistricts located in the city of Medan, North Sumatra province, Indonesia. Medan Denai Subdistrict is bordered by Medan City and Medan Area to the west, Deli Serdang Regency to the east, Medan Ampla to the south, and Medan Tembung to the north. This area is the former area of the famous Deli Tobacco plantation. In 2021, Medan Denai sub-district has a population of 169,643 people. Its area is 9.05 km² and the population density is 18,745 people/km². As one of the sub-districts in Medan City, the ethnicity of the population in this sub-district is quite diverse. The Deli Malay, Batak, Javanese and Chinese tribes are the most numerous tribes in this sub-district. In addition, there are also other tribes such as the Minang, Sundanese, Indian, Nias, Coastal, Bugis and others. Based on data from the Ministry of Home Affairs in 2021, the population of the Medan Denai sub-district is very diverse in their religion. The percentage of the population of the Medan Denai sub-district based on their religion is, those who embrace Islam are 71.23%, then Christians are 24.64% where Protestants are 22.31% and Catholics are 2.33%. Adherents of the Buddhist religion of Chinese descent are 4.01% and a small number of others are Hindus 0.04%, Confucians 0.01% and beliefs 0.07%. As for houses of worship, there are 85 mosques, 76 churches, and 6 temples or shrines. (Wikipedia n.d.)

The sample used in this study using MSME entrepreneurs as many as 80 business samples from micro, small and medium enterprises. The sample was randomized from five kelurahan; namely the Villages of Tegalsari Mandala I, Tegalsari Mandala II, Tegalsari Mandala III, Denai, Binjai, and Medan Tenggara. The type of business of MSMEs consists of various kinds of businesses such as restaurants, cafes, food and beverages, barbershop services, motorcycle repair shops, laundry services, photo frame services, tailors for clothes, wholesalers of basic needs, household furniture. This study analyzes the characteristics of MSMEs in Medan Denai District from various aspects, including; ownership of business licenses, main business activities, business products, number of business branches, length of time of business, type of business, number of workers, latest education of workers. These various aspects will be described later and are expected to be able to describe the characteristics of SMEs in Medan Denai District.
4.1. Business permit

Risk-Based Business Licensing is a business license based on the level of business activity risk. The level of business activity risk determines the type of business license required. In this way, the government does a mapping of the level of risk according to the business sector or KBLI (Indonesian Standard Business Field Classification). The level of business risk is divided into low risk, medium low risk, medium high risk, and high risk. The Business Identification Number (NIB) is sufficient to be given to businesses with low risk as a single license. Single licensing means that NIB includes legality, Indonesian National Standard (SNI), and Halal Product Guarantee Certification (SJPH). In addition, NIB also includes Company Registration Certificate (TDP), API (Import Identification Number), as well as customs access for exporters and importers. NIB is very useful for Micro and Small Enterprises (UMK). Having an NIB means having access to financing from banks to get business capital, besides having an NIB also provides opportunities to get assistance from the government, as well as having legal certainty or protection for your business. Businesses with medium to low risk require NIB and Standard Certificate (SS) in the form of an independent statement. Businesses with medium to high risk require NIB and SS which must be verified by the Ministry/Agency/Local Government. Finally, businesses with high risk need to have an NIB, a permit that must be approved by the Ministry/Agency/Local Government, and SS if needed. Ministries/Institutions/Local Governments. (BKPM 2021)

This study did not analyze in depth the license ownership of the entrepreneurs studied. Entrepreneurs consist of three business sectors in Medan Denai District, namely micro, small and medium enterprises, only part of the sample of MSMEs has a business license. This study took 80 entrepreneurs as a sample in Medan Denai District. The number of entrepreneurs who have business licenses in the micro business sector is only 32% while those who do not have business licenses reach 68%; for the small business sector, businesses that have a business license are 47.5% while those without a business license are 52.5%; and for the medium-sized business sector, 95% of businesses that have a business license, while those that do not have a business license are 5%. Awareness of the importance of having permits is still very low in the micro and medium enterprises sector. People still find it difficult to get a business license, so most of the entrepreneurs are reluctant to apply for a business license. In fact, after obtaining a business license, many facilities may be obtained, such as capital loans from banks, assistance programs from the government, and even training for workers. Most businesses in the micro-enterprise sector are low-risk businesses, such as barbershop services, motorcycle repair shops, food and beverages, sewing services, fruit juices and soups, and other types of businesses that have low risk.

![Business permit chart]

**Figure 4.1 Business permit**
The small business sector is also in the low-risk business category, such as electric tools and paint, food and beverages, laundry services, barbershop services, car repair services.

4.2. Main Business Activities

The main business activities are activities carried out by MSME entrepreneurs to produce their business production. The main activity of the business is the main goal of the business. The activities referred to are production, distribution or service activities; All of these activities will later produce a product that has value for sale. All MSME business units have almost the same main activities. Production activities, for example, are for restaurants, cafes, snacks, and other production activities. Distribution activities include grocery wholesale business, business selling clothes and school supplies, building materials business, electricity shop business. Service activities for example; barbershop, women's salon, tailor, laundry, workshop services, and so on. Basically, the three business units have almost the same main business activities, the difference being the assets or assets owned. Micro businesses have a small wealth of IDR 100 million, small businesses have a wealth of IDR 100 million - IDR 500 million, while medium-sized businesses are above IDR 500 million. The type of business carried out by the three business units is almost the same, only the scale of business is different, because all three have different assets or assets, so they have different abilities in managing their business.

4.3. Business Products

Business products from various companies in the micro, small and medium enterprises sector can be in the form of goods and services. The business that is run can be of various kinds, for example the food business, fashion business, education business, repair business, fishing business, agriculture business, real estate and construction business, finance and insurance business, information and communication business, health and social business, manufacturing business, mining and quarrying business. (North 2020) MSMEs in Medan Denai Sub-district also have various types of businesses for the three sector units, various existing businesses such as restaurants, cafes, snacks, and other production activities. Distribution activities include grocery wholesale business, business selling clothes and school supplies, building materials business, electricity shop business. Service activities for example; barbershop, women's salon, tailor, laundry, workshop services, and so on.

4.4. Number of Business Branches

The progress of a business can be marked by the increase in the number of business branches in different locations from the first business. This effort is carried out to expand the marketing area of the resulting product. Micro businesses generally do not have business branches in different areas, this is related to the age of micro businesses generally not too long so it still takes time to learn to do business analysis properly so that business efficiency runs optimally. Small businesses have started to have business branches, several small businesses in Medan Denai District already has several business branches, some small businesses have one to two business branches. Medium-sized businesses that are more established have more business branches from one to five business branches, it’s only natural because medium-sized businesses are more established in terms of capital and even business technology.
4.5. Business Age

Another factor that influences the development of MSMEs is the length of business that has been carried out. According to Moenir (2008) the longer a person pursues his work, he will increasingly have more experience, even proficient in doing what is his responsibility in the job. (Micro and Intermediate 2020). Experience is the best teacher, this proverb assures us that experiences from past events can be the best lessons. The efforts that have been made can be re-evaluated, which businesses are able to increase production growth, which businesses are a barrier to the production growth of a business. The length of time effort is also a way of an effort to always learn in many ways. This study analyzes the three business sectors from the age of the business. Which business sector is able to survive in overcoming various economic problems. The time span used in this study is 1-5 years; 6-10 years and > 10 years. Graph 5.2 illustrates how the three business sectors survive in running their companies.

![Graph 5.2. Business Age](image)

**Figure 4.2. Business Age**

Around 64% of companies in the micro business sector have a business age that is still new between 1 year - 5 years, meaning that these companies are just starting their business. Micro-enterprises have great potential to be developed because of the wide market, easily available raw materials and large human resources that support the development of these micro-enterprises. 18% of companies in the micro-enterprise sector aged 6-10 years, meaning that these companies have been running their business for a period of 6-10 years. While the companies that are > 10 years old are 18%. The ability of micro businesses to survive for more than 10 years illustrates that, this company is only at the level of being able to survive to meet the needs of life and run its business, even at the age of more than 10 years, this company has not been able to increase to the small business sector. There are many obstacles faced by micro companies to be able to increase their business scale, for example the difficulty of obtaining capital loans because they do not have a business license or other government assistance programs to increase business scale.

Companies in the small business sector also have different business ages. The business age of 1 year - 5 years is around 67.5%, companies that are under 5 years old can come from the micro business sector that is able to increase their business scale, or it can also come from entrepreneurs who directly open companies in the small business sector. The number of small sector companies that are under 5 years old is quite a lot, so they have quite high competition. The number of small business sector companies aged 6-10 years is only 17.5%, meaning that many companies are out of business before reaching the age of 6 years, this could be due to lack of efficiency so that they are unable to compete or due to the slowing economy, especially during the
pandemic. Small sector companies that are more than ten years old are 15%, meaning that only these companies are able to survive the competition until they are more than ten years old.

4.6. Number of MSME Workers

The decline in the development of the workforce for small and medium-sized enterprises can be caused by several things, it could be due to a reduction in the workforce in small and medium-sized industries, a shift in knowledge and skills of the workforce so that they are not in the small and medium-sized business sector, it is easy to open a business in micro-enterprises, so that a lot of labor switching, and other things. The increase in the number of workers from 2018 - 2019 in the field of micro, small and medium enterprises increased, in micro enterprises an increase of 2.30%, small enterprises increased by 1.70% and medium enterprises by 0.51%. In 2019 the number of workers in the MSME sector reached 96.92% of the total workforce in all fields, while in the large business sector it was only 3.08%. This figure shows the large role of MSMEs in absorbing labor in Indonesia, so it is only natural that the government should pay special attention to MSMEs so that there is an increase in quality and quantity in all provinces in Indonesia. The workforce in the MSME sector comes from micro, small and medium enterprises, for the number of workers in 2019, 89.04% of workers from micro enterprises, 4.81% of workers from small businesses, and workers from small businesses. medium by 3.07%. Micro Business is the type of business that absorbs the most labor compared to other businesses, because this type of business is the type of business that uses the most simple technology so that it requires more human labor with low levels of knowledge and skills. In addition, the capital required to start a business is also relatively small compared to businesses in other sectors, and the market structure leads to a perfectly competitive market structure.

![Figure 4.3. Number of MSME Workers](image)

4.7. MSME Workforce Education Level

Human resources are one of the important factors for the progress of MSMEs, labor productivity is largely determined by the level of education that has been undertaken by the workforce. Improvements in the level of education and managerial skills are very influential on increasing the productivity of MSMEs. Education in this case includes formal and non-formal education, which can improve the skills of MSME workers. Meanwhile, managerial skills are very important in order to make efficient use of resources and increase business scale. The gap between the skills of the available workforce and the skills needed for the development of MSMEs is a classic problem that has not been resolved until now. To overcome this gap, MSMEs must provide training so that graduates can enter the MSME industry. (Ministry of MSME Development, Bank
Indonesia 2016). From Figure 5.6, it can be seen that the majority of workers in the MSME sector come from high school (SMA) graduates. Most workers from high school graduates are in the micro-enterprise category, after that in the small and medium-sized categories.

![Figure 4.4. MSME Workforce Education Level](image)

### 5. Conclusion

The number of entrepreneurs who have business licenses in the micro business sector is only 32%; for the small business sector, 47.5% of businesses have business licenses; and for the medium-sized business sector, 95% of businesses have business licenses. Production activities, for example, are for restaurants, cafes, snacks, and other production activities. Distribution activities include grocery wholesale business, business selling clothes and school supplies, building materials business, electricity shop business. Service activities for example; barbershop, women's salon, tailor, laundry, workshop services, and so on. Some small, micro and medium sector businesses have started to have business branches, some small businesses in Medan Denai District already have several business branches, some small businesses have one to two business branches. Medium-sized businesses that are more established have more business branches from one to five business branches. Around 64% of companies in the micro business sector have a business age that is still new between 1 year - 5 years, meaning that these companies are just starting their business. Micro-enterprises have great potential to be developed because of the wide market, easy-to-obtain raw materials and large human resources that support the development of these micro-enterprises. 18% of companies in the micro-enterprise sector aged 6-10 years, meaning that these companies have been running their business for a period of 6-10 years. While the companies that are > 10 years old are 18%. Companies in the small business sector also have different business ages. The business age of 1 year - 5 years is around 67.5%, companies that are under 5 years old can come from the micro business sector that is able to increase their business scale, or it can also come from entrepreneurs who directly open companies in the small business sector. The number of small sector companies that are under 5 years old is quite a lot, so they have quite high competition. The number of small business sector companies that have an age of 6-10 years is only 17.5%, meaning that many companies go out of business before reaching the age of 6 years. Small sector companies that are more than ten years old are 15%. The level of education for micro, small and medium enterprises, almost all sectors, the majority of workers come from the high school level.
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