

Professional Ethics And Transparency In Msme Assistance Programs In North Sumatra

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Article Info

Article history:

Received 16 Jan, 2026

Revised 19 Feb, 2026

Accepted 04 Mar, 2026

Keywords:

Professional Ethics,
Transparency, SMEs, Capital
Support, Public Accountability,
North Sumatra

ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) play a key role as the main driver of the economy in North Sumatra, especially in ensuring stability after the pandemic. Although the local government has allocated billions of rupiah for capital and infrastructure support, the implementation of these programs is still hampered by issues of professional ethics and a lack of transparency. This study aims to assess the implementation of the code of ethics and information disclosure in MSME strengthening programs in the area. Using a descriptive qualitative method, this research found significant differences between the policies established and the reality in the field. Serious issues such as allegations of misuse of grant funds for the construction of MSME Square and acts of intimidation by officials against small business owners are major obstacles. The results of this study show that the success of government assistance is not only determined by the amount of funds available, but is also greatly influenced by the integrity of employees and ease of access to information for the community. This study recommends the need for an independent monitoring system and digitization of information to restore the trust of MSME actors and ensure more inclusive and responsible economic growth.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in supporting the economy in North Sumatra. According to official data, the number of businesses in the region reached around 1,166,918, with 98.87% of them being micro and small businesses. The dominance of this sector makes it the main pillar of regional economic growth. This was reflected in the second quarter of 2021, when North Sumatra's economy grew by 4.95%, and the local government emphasized that MSMEs are the "backbone of North Sumatra's economic growth." In addition to contributing to growth, MSMEs also play a role in absorbing labor and providing livelihoods, especially during the pandemic when many large business sectors contracted.

To strengthen the dominance of MSMEs in North Sumatra, the local government distributes various forms of capital support. The North Sumatra Provincial Government, for example, has allocated a budget of around IDR 11 billion for the 2024 MSME program, which is realized in the form of providing business equipment, training, and workshops, rather than through direct cash distribution. Meanwhile, the Medan City Government has also increased the budget allocation for MSME assistance, from IDR 3 billion in 2023 to IDR 5 billion in 2024. This assistance is aimed at MSMEs that have been registered and guided by the Cooperative Office, with the main focus on providing work facilities that are in accordance with business needs. This series of policies reflects the government's awareness of the importance of access to capital and sustainable guidance for MSMEs, so that this sector can develop, upgrade, and make a more significant contribution to regional economic growth.

Although the capital assistance program for MSMEs has been implemented, its implementation continues to face serious problems related to ethics and information transparency. In North Sumatra, there are

allegations of misuse of grant funds allocated for the construction of MSME facilities. One example that emerged was the Square MSME Collaboration Building project at the University of North Sumatra, which attracted public attention after the use of grants of Rp 41 billion was considered non-transparent. NGOs and student groups demanded that local governments provide an explanation on budget accountability, as public funds must be managed openly and responsibly. LBH Ansor Medan even urged the North Sumatra High Prosecutor's Office to follow up on the alleged corruption, emphasizing that "transparency and firmness of law enforcement officials are very important to prevent the loss of public trust." In response to this, the Head of the North Sumatra High Prosecutor's Office expressed his commitment to enforce the law professionally and transparently in handling this case.

Violations of ethical principles can also be seen in the interaction patterns between officials and MSMEs. Some cases show officials intimidating small businesses regarding business licenses, such as visiting business locations without official notice and then summoning them to the police station. According to MSME stakeholders in North Sumatra, this practice is clearly contrary to development goals, because business owners should receive guidance and education about applicable regulations, not be pressured or threatened. These incidents underscore the urgency of professional supervision by officials and demonstrate the need for information transparency so that MSME empowerment programs can be implemented in a fair, effective, and oriented manner to increase community business capacity.

The main objective of this study is to evaluate the application of ethics by examining the extent to which government officials and program managers consistently uphold professional codes of ethics, especially the principles of honesty and responsibility, in the guidance of MSMEs. Transparency of information regarding assistance, training, and access to capital or financing is often unclear and difficult to access, creating barriers for small business owners. This situation has an impact on the level of trust and participation of MSMEs in development programs that demand accountability. Therefore, the government's efforts are needed to improve the system so that the implementation of the MSME program can be more transparent, clean, and on target, while increasing the legitimacy and effectiveness of community economic empowerment policies.

RESEARCH METHODS

This research is a qualitative descriptive research that can be interpreted as a key instrument where data collection techniques are carried out by combining and analyzing data inducively (Sugiyono, 2012) so as to produce and manage descriptive data such as narrating the results of interviews and/or observations.

RESULTS AND DISCUSSION

The findings of the study confirm that capital assistance programs for MSMEs in North Sumatra play a strategic role in supporting regional economic growth. However, its implementation still faces fundamental challenges related to the application of professional ethics and transparency. Local governments, both at the provincial and municipal levels, have demonstrated a clear commitment through substantial budget allocations, prioritizing the provision of business facilities, training, and workshops. This policy is in line with the general view that MSMEs are the main pillars of the regional economy, especially during times of crisis such as the pandemic, when large-scale businesses experience a significant decline. However, the success of a program is not only determined by the amount of funds allocated; But it also relies heavily on the quality of governance, the integrity of the implementing officials, and the transparency of the public information that comes with it.

The results show that there are irregularities in the management of grant funds, one of which is clearly seen in the construction project of the Square MSME Cooperation Building at the University of North Sumatra. Allegations of corruption and unclear budget allocations have raised public doubts about the accountability of local governments. This situation emphasizes that weak implementation of the principle of transparency can erode the legitimacy of the program and reduce public trust in implementing institutions. In this context, budget management transparency is understood not only as an administrative procedure, but also as part of a professional ethics that demands accountability and openness, which is ultimately a form of moral responsibility on the part of the program manager.

In addition, the pattern of interaction between officials and MSMEs in a number of cases shows violations of professional ethics. Intimidation of small businesses, especially related to business licensing. For example, a sudden summons to the police is clearly contrary to the goals of development and empowerment. Ideally, officials should function as facilitators, providing guidance and education regarding regulations, not as agents of anxiety or threats. If the principles of professional ethics are not applied consistently, the participation rate of MSMEs in empowerment programs risks decreasing, which ultimately hinders the achievement of community-based economic development goals.

A more in-depth analysis shows that the application of professional ethical principles and transparency practices has a direct impact on the level of trust and involvement of MSMEs. Trust can be seen as important social capital in supporting the success of economic development programs. If businesses feel they are treated fairly and have access to clear information, their participation in government programs is likely to increase. Conversely, lack of transparency of information and behavior that does not conform to ethical

standards has the potential to undermine the legitimacy of the program and hinder the achievement of development goals. Therefore, a strategy is needed that includes strengthening the supervisory system, active involvement of civil society, improving the competence of officials in upholding professional ethics, and the implementation of an open and accountable public information system. Thus, the integration of professional ethics and transparency not only serves as an administrative tool but also as a moral foundation that determines the success of MSME-based economic development in North Sumatra.

To strengthen the application of professional ethics and increase transparency in MSME capital assistance programs in North Sumatra, several strategic steps need to be formulated. First, local governments are required to establish stricter and more independent oversight mechanisms, involving civil society, academia, and professional organizations to ensure accountability in the management of public funds. Second, the capacity of civil servants must be increased through professional ethics and good governance training with integrity, so that interaction with MSMEs is oriented towards coaching and empowerment, not intimidation. Third, the principle of transparency must be the main foundation at every stage of the program, from planning and distributing aid to evaluation, with the support of digital technology as a means to expand public access to information. Fourth, local governments need to adopt a community-based empowerment model into their medium-term development policies, so that the sustainability of the program not only depends on local initiatives but also gains stronger structural support. Therefore, the application of professional ethics and transparency should not be understood only as administrative norms, but as policy instruments that serve to strengthen public trust, increase MSME participation, and encourage inclusive and sustainable regional economic growth.

CONCLUSION

Based on the results of the study and analysis, it can be concluded that the capital assistance program for MSMEs in North Sumatra plays a strategic role in encouraging regional economic growth while improving community welfare. The commitment of the local government is reflected in the budget allocation, the provision of business facilities, and the implementation of training and mentoring, which shows concrete steps to strengthen the competitiveness and sustainability of MSMEs. However, the effectiveness of the program does not depend solely on the amount of funds disbursed, but is largely determined by the application of professional ethics and consistent principles of transparency at each stage of policy implementation.

The results of this study show that some problems still persist related to weak transparency practices and non-compliance with professional ethical principles. Allegations of irregularities in the management of grant funds and the actions of officials that are not in accordance with the spirit of fostering MSMEs are concrete examples of these problems. This situation has resulted in a decrease in public trust and has the potential to reduce the active involvement of MSMEs in various empowerment programs initiated by the government. Therefore, the application of professional ethics and information transparency has proven to be very important in maintaining legitimacy, increasing effectiveness, and ensuring the sustainability of MSME assistance programs in the regions.

Thus, the application of professional ethics and the principle of transparency needs to be placed as a fundamental foundation in the governance of MSME development programs. Various strategic steps that must be strengthened include improving supervisory mechanisms, developing the capacity of the apparatus through integrity training, active involvement of civil society, and optimizing public information systems that can be accessed openly. The integration between professional ethics and transparency is not solely understood as an administrative norm, but as a policy instrument that has an important role in building public trust, expanding the participation of MSME actors, and encouraging the realization of more inclusive, equitable, and sustainable regional economic development in North Sumatra.

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