

The Effect of MSME Development on GRDP in East Java Post-Pandemi Covid-19

Vindi Kusuma Wardani^{*1}, Nasikh², Grisvia Agustin³

^{1,2} Universitas Negeri Malang

**Corresponding email: vindikw09@gmail.com*

Article History

Received: February 02, 2023

Revised: March 02, 2023

Accepted: April 30, 2023

Abstract

Micro, Small, and Medium Enterprises (MSMEs) around the world are considered an important segment of any economy. The pandemic that has had an impact on the economic sector has also had an impact on the MSME sector. Economic growth in the regions can be seen from the value of the Gross Regional Domestic Product (GRDP). MSMEs are East Java GRDP boosters. This research was conducted with the aim of knowing the effect of the development of Micro, Small, and Medium Enterprises (MSMEs) on the Gross Regional Domestic Product (GRDP) in East Java after the Covid-19 pandemic. The research method used is descriptive with a quantitative approach. The data analyzed in this study is time series data from the 2016-2020 period obtained from the Central Statistics Agency (BPS) and the MSME Cooperative Office, East Java Province. Data analysis in the study used SPSS 26 for windows. The tests used are the Normality Test and Simple Linear Regression Test. The results obtained in this study are that the number of MSMEs has increased every year, but in 2020 the number of MSMEs decreased from the previous year, namely 1,316,400,000,000.00. The GRDP of East Java Province in 2016-2020 based on constant prices showed a significant increase, but in 2020 the GRDP of East Java Province experienced a contraction compared to the previous year, which was 2,299,460,000,000.00. The results of the Classical Normality Assumption Test show that the processed data is normally distributed. The test results show the sig. (2-tailed) at 0.200 means the sig value > 0.05. The direction of influence of MSMEs on GRDP is positive. The t-test shows the value of t-count > t-table. So it can be concluded that there is a significant influence of MSMEs on the GRDP of East Java Province in 2016-2020 of 100%.

Keywords: MSMEs, GRDP, Economic Growth

DOI:

10.46306/bbijbm.v3i1.54

Web:

<http://bbijbm.lppmbinabangsa.ac.id/index.php/home>

I. Introduction

Corona Virus Disease 2019 (Covid-19), which initially spread in Wuhan, China at the end of 2019, has finally spread globally. In March 2020, the World Health Organization (WHO) declared Covid-19 a global pandemic. The condition of pandemic has an impact on all sectors of people's lives. The Indonesian government responded by issuing a policy in PP No. 21 of 2020 concerning Large-Scale Social Restrictions (PSBB) in the Context of accelerating the handling of Corona Virus Disease 2019 (Covid-19) (PP No. 21 of 2020), with the aim of limiting people's movements so that can suppress the spread of the Covid-19 virus. This policy certainly has a significant impact on the growth of the economic sector.

The pandemic has had an impact on the economic sector and has also had an impact on the MSME sector (Y. Lu, 2020). The decline in the income of the MSME sector is one of the causes of the decline in economic growth. The decline in economic growth can be assessed from the Gross Domestic Product (GDP). The GDP component is household consumption. The pandemic condition has caused people's purchasing power to decline which has had a major impact on economic growth. MSMEs contribute 60% of the total Gross Domestic Product (GDP) or around IDR 8,400 trillion. MSMEs are able to absorb 97.02% of the total workforce and 99% of the total workforce. In addition, MSME investment provides an investment value of 58.18% of the total investment.

Micro, Small, and Medium Enterprises (MSMEs) worldwide are considered an important segment of any economy (Lu, 2018), no matter whether they are developed or not. MSMEs play an important role in terms of employment, stable salaries, tax revenues, inclusiveness, sustainable economic development, etc. which are essential for the progress of any country. Especially when considering global pandemics or regional, political and economic conflicts that are constantly taking place around the world (Shatakishvili, 2021). Despite the important role of MSMEs in the economy, they still face big challenges, especially in developing countries like Indonesia. However, the challenges of standard MSMEs in other countries around the world are currently emphasizing a very large additional problem in facing the economic crisis (Papava & Charaia, 2020). On the other hand, every challenge or even problem can be a great turning point.

To develop MSMEs, it is undeniable that one of the factors is the business actors themselves, as research conducted by Sunarsi, et al. (2020) in the International Journal of Supply Chain Management said that "Humans are the most important element in a company because they have a role as planners, implementers, and controllers in achieving company goals." can run well and generate optimal profits. Effendy, et al. (2020) also explained that "Establishing a project or MSMEs (Micro, Small and Medium Enterprises) must have the knowledge, skills, and entrepreneurial insights so that the business can run well and generate optimal profits".

The Micro, Small, and Medium Enterprises (MSMEs) sector have a very important role in reviving the economy in post-Covid-19 pandemic regions, and East Java is no exception. The current focus of the East Java Government is development to accelerate the recovery of economic resilience and people's lives after the Covid-19 pandemic. The East Java government is trying to issue several social and economic policies. The first priority for the development of East Java Province in 2021 is the development of the people's economy through increasing economic added value (Susyanti and Pardiman, 2021). The East Java government is also encouraging MSMEs to enter the digital ecosystem. The Governor of East Java Khofifah Indar Parawansa stated that the marketing of MSME products needed to utilize technology in order to penetrate a wider market (Widarti, 2021).

East Java Province itself globally can be said to have good economic development. This can be seen from the amount of economic growth that is owned by East Java Province. Economic growth in East Java Province can be seen from the value of the Gross Regional Domestic Product (GDP). MSMEs are East Java GRDP boosters (Jawa Pos, 31 March 2021). The Government of East Java inaugurated the Office of the UPT Training for the Office of Cooperatives and MSMEs in East Java Province, in Malang. This UPT can help advance Cooperative and MSMEs actors in East Java (Ministry of Cooperatives and MSMEs, 2015). As much as 56.9% of East Java Province's GDP is indeed generated from the MSME sector so there really needs to be more effort to encourage the progress of East Java MSMEs, especially after the current Covid-19 pandemic.

This research was conducted with the aim of knowing the effect of the development of Micro, Small and Medium Enterprises (MSMEs) on the Gross Regional Domestic Product (GRDP) in East Java after the Covid-19 pandemic

II. Material and Method

The type of research used is descriptive with a quantitative approach. The data analyzed in this study is time series data from the 2016-2020 period obtained from the Central Statistics Agency (BPS) and the MSME Cooperative Office, East Java Province. Data analysis in the study used SPSS 26 for windows. The test was carried out to state that the independent (free) variable causes or influences the dependent (bound) variable, the independent variable namely Micro, Small and Medium Enterprises (MSMEs) partially influences the dependent variable Gross Regional Domestic Product (GRDP). The test performed was the Normality test using the Kolmogorov-Smirnov statistical test. This test is a test that uses the cumulative distribution function. Standardized residual values are normally distributed if $K\text{-count} < K\text{-table}$ or $\text{sig value} > \alpha$. The hypothesis testing technique used to test the effect of the independent variable and the dependent variable is the Simple Linear Regression Test. Simple regression analysis is a regression analysis that is used to

predict one dependent variable based on one independent variable. The simple regression analysis formula is as follows:

$$Y = a + bX + \varepsilon$$

Where:

Y= The predicted value

a = constant

b = regression coefficient

X = independent variable

ε = residual value

The t-test is used to test whether the independent variable has a significant effect on the dependent variable or not. A variable will have a significant effect if the t-count value is greater than the t-table value. To calculate the value of t count, the following formula is used:

$$t = b_j / S_{b_j}$$

Information:

t = calculated t value

b_j = Regression coefficient

S_{b_j} = Standard error of the regression coefficient (Suliyanto, 2011)

III. Results and Discussion

The data obtained from the research results are MSME data as seen from the number of Micro, Small, and Medium Enterprises (MSMEs) units in 2016-2020 and GRDP data for East Java Province in 2016-2020.

Table 1. Number of MSMEs in East Java Province in 2016-2020

Years	Total
2016	1.046.720.000.000,00
2017	1.143.300.000.000,00
2018	1.246.600.000.000,00
2019	1.343.210.000.000,00
2020	1.316.400.000.000,00

Source: (Ministry of Cooperatives and Small and Medium Enterprises, 2020)

Based on Table 1, it can be seen that the highest number of Micro, Small and Medium Enterprises (MSMEs) in 2019 was 1,316,400,000,000.00 and the least in 2016 was 1,046,720,000,000.00. The number of MSMEs increases every year, but in 2020 the number of MSMEs has decreased from the previous year, namely 1,316,400,000,000.00.

Table 2. Total GRDP of East Java Province in 2016-2020

Tahun	Atas Dasar Harga Konstan (Rupiah)
2016	1.855.040.000.000,00
2017	2.019.190.000.000,00
2018	2.189.780.000.000,00
2019	2.345.790.000.000,00
2020	2.299.460.000.000,00

Source: (Central Bureau of Statistics, 2020)

Based on Table 2, it can be seen that the PDRB of East Java Province in 2016-2020 based on constant prices showed a significant increase, but in 2020 the GRDP of East Java Province experienced a contraction compared to the previous year, which was 2,299,460,000,000.00.

Table 3. Normality Test with Kolmogorov-Smirnov

One-Sample Kolmogorov-Smirnov Test		
		Standardized Residual
N		5
Normal Parameters ^{a,b}	Mean	0,0000000
	Std. Deviation	0,86602540
Most Extreme Differences	Absolute	0,236
	Positive	0,223
	Negative	-0,236
Test Statistic		0,236
Asymp. Sig. (2-tailed)		,200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: (Processed by the Author, 2022)

Based on Table 3 which was processed using SPSS 26 it is known that the sig. (2-tailed) of 0.200 means the sig value > 0.05. So it can be concluded that the standardized residual values are stated to be normally distributed.

Table 4. Simple Regression Coefficient

Coefficients ^a					
Unstandardized Coefficients			Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	131921831092,907	14836401911,241		8,892	0,003
UMKM	1,649	0,012	1,000	136,028	0,000

a. Dependent Variable: PDRB

Source: (Processed by the Author, 2022)

Based on Table 4, it can be seen that the value of unstandardized coefficients (constant) or $a = 131921831092.907$ and the value of unstandardized coefficients for UMKM or $b = 1.649$. So the regression equation is as follows:

$$Y = a + bX + \varepsilon$$

$$Y = 131,921,831,092.907 + 1.649X + \varepsilon$$

The meaning of the regression equation, namely:

- If MSMEs are 0 (without MSMEs), then the GRDP is 131,921,831,092.907
- If MSMEs increase by 1, then GRDP increases by 1.649.

The regression coefficient is positive, so it can be concluded that the direction of influence of Micro, Small, and Medium Enterprises (MSMEs) on the Gross Regional Domestic Product (GRDP) of East Java Province is positive.

Table 5. Partial Significance Test (t test)

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	131921831092,907	14836401911,241		8,892	0,003
UMKM	1,649	0,012	1,000	136,028	0,000

a. Dependent Variable: PDRB

Source: (Processed by the Author, 2022)

The t-test is used to determine whether the independent variable has a significant effect on the dependent variable or not. A variable will have a significant effect if the t-count > t-table. To determine the value of t-table seen from the t-distribution table. In the table there are terms one end and two ends. The use of one-sided or two-sided tables depends on the proposed hypothesis. If the proposed hypothesis already shows direction, then use one end. but if you haven't determined the direction, then use two ends. If using one end then $df: \alpha, (n-k)$. But if you use two ends, the degrees of freedom are $df: \alpha/2, (n-k)$. The hypothesis put forward in this study has determined the direction then the use of one end, then the t-table value is determined using $df: \alpha, (n-k)$ where, $\alpha = 0.05$ (significant level), $n = 5$ (number of samples), and $k = 2$ (number of variables) or 0.05, (5-2). So, t-table value = 2.353. Based on Table 5, it is known that the t-count value of UMKM = 136.028. This means t-count value > t-table value. So it can be concluded that the MSME variable has a positive influence on the GRDP variable in East Java Province.

Table 6. Coefficient of Determination (R2)

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate

1	1,000 ^a	1,000	1,000	2995264049,49991
---	--------------------	-------	-------	------------------

a. Predictors: (Constant), UMKM

b. Dependent Variable: PDRB

Source: (Processed by the Author, 2022)

Based on Table 6, it can be seen that the R square value or the coefficient of determination is 1.000, meaning that the GRDP variation can be explained by the MSME variation of 100% or the MSME variable influencing GRDP by 100%. The coefficient of determination 1.000 is the square of R ($1.000 \times 1.000 = 1.000$). So it can be concluded, the influence of MSMEs on the GRDP of East Java Province is 100%.

Discussion

The results of the Classical Normality Assumption Test show that the processed data is normally distributed. The test results show the sig. (2-tailed) in Table 3 of 0.200 means the sig value > 0.05 . Based on Table 4 it is concluded that there is a significant influence of MSMEs on the GRDP of East Java Province. The results of the Simple Regression Test show that, if the MSME variable increases by 1 then the GRDP is 131,921,831,092.907. The direction of influence of MSMEs on GRDP is positive. Based on the t test in Table 5, it shows the value of t count $>$ t table. So it can be concluded that, there is a significant influence of MSMEs on the GRDP of East Java Province in 2016-2020. The magnitude of the influence of MSMEs on GRDP can be seen in table 6 which shows that the R square is 1,000. So, the influence of MSMEs on GRDP is 100%.

The results of the research above show that MSMEs play an important role in driving the economy of East Java by increasing the Gross Regional Domestic Product. This is reflected in the contribution of MSMEs to East Java's GRDP in 2016-2020 which has increased significantly. This condition shows the stretching performance of MSMEs in advancing their business which is increasingly competitive and competitive in the digital era. To increase the added value of MSMEs in order to improve their performance and role in supporting the East Java economy, synergy is needed with various parties, especially other government agencies in order to participate in fostering and advancing MSMEs in East Java. This is because there are still many MSMEs in East Java that have not received guidance from the government. The current problems faced by MSMEs are capital at 37 percent and marketing at 35 percent. The government has provided facilities from various aspects, both in terms of institutions, production, marketing, capital, and human resource development. The survey results show that 31% of MSMEs have received coaching (Ministry of Cooperatives and Small and Medium Enterprises, 2020).

The number of MSMEs in East Java's GDP increased from 56.42% in 2016 to 57.26% in 2019, while from 2019 to 2020 it experienced a contraction. This is understandable because at the beginning of 2020 the Covid-19 pandemic had also become a global disaster, the enactment of Large-Scale Social Restrictions (PSBB), until the enactment of micro-scale Community Activity Restrictions (PPKM) which were

enforced in almost all Cities and Regencies in East Java. Distribution of KUMKM's gross added value by the business sector in 2020, the largest contribution to the value of Ttambalı KUMKM comes from the manufacturing sector of 28.86%, followed by the trade sector at 22.41%, while the lowest is accommodation provision of 6%. The MSME population in East Java has increased by 4.2 million based on the 2006 economic census, 6.8 million based on the 2012 East Java MSME census, and 9.8 million based on the 2016 economic census and the inter-census agricultural survey (Ministry of Cooperatives and Small Enterprises). , and Intermediate, 2020).

The results of this study are in line with research conducted by Kinasih (2011) with the results of his research that the variable growth in the number of businesses and growth in the SME industrial workforce has a positive and significant influence on the growth of the gross regional domestic product, while the variable growth in the total output of the SME industry does not have a significant effect on GRDP growth. Research conducted by Laily (2016) also stated similar results, namely the development of small and medium enterprises had a positive and significant effect on Gross Regional Domestic Product (GRDP).

One of the roles of Micro, Small and Medium Enterprises in Gross Regional Domestic Product is their ability to generate small industries and their superiority in entrepreneurship development which makes MSMEs increasingly needed in regional development because MSME workers have an approaching relationship with owners, even workers are involved in various business activities, such as making designs, production to marketing so that workers can observe and even study business management, experiences like that are very useful for starting new businesses so that it can be said that one of the advantages of MSMEs is their ability to create entrepreneurship, according to Schumpeter who believes that economic development especially created by the initiative of innovative businessmen and entrepreneurs, namely groups of people who organize and combine other factors of production to produce goods that need the community (Adisasmita, 2013).

Based on the statement above, provides empirical evidence that the development of Micro, Small, and Medium Enterprises can improve the economy and MSMEs can create new businesses so that the development of MSMEs must be further developed so that the growth of the Gross Regional Domestic Product (GRDP) always increases.

IV. Conclusion

Based on the results of the existing research and discussion, it can be concluded that the influence of MSMEs on the PDRB of East Java Province is positive. If MSMEs increase by 1, then economic growth is 131,921,831,092.907. The value of t count > t table, then there is a significant influence of Micro, Small and Medium Enterprises (MSMEs) on the Gross Regional Domestic Product (GRDP) of East Java

Province. To increase GRDP, this can be done by increasing the number of MSMEs in Indonesia. So it is necessary to develop interest in community entrepreneurship through education and training

References

- Adisasmita, R. (2013). Teori-teori pembangunan Ekonomi: Pertumbuhan Ekonomi dan Pertumbuhan wilayah. Graha Ilmu. Yogyakarta.
- Alamgir. (2014). Lanskap pembiayaan UKM dan keberlanjutan UKM di Bangladesh. Repo.Uum.Edu.My. <http://repo.uum.edu.my/id/eprint/15711>.
- Aminy, A. (2022). Analisis Peran UMKM dalam Perekonomian Jawa Timur. Jurnal Media Mahardhika, 20(2).
- April, N., & Pertahanan, P. E. (2020). Vol 8, No 1. April 2020.8(1), 1-13.
- Aziz, T., Nur-E-, M., & Siddique, A. (2016). Peran Bank Bangladesh dalam Mempromosikan Akses UKM ke Pembiayaan di Bangladesh. Jurnal Internasional Pengembangan UKM, 103.
- Baldock, R., & Mason, C. (2015). Establishing a new UK finance escalator for innovative SlvfEs. • the roles of the Enterprise Capital Funds and Angel CoInvestment Fund.
- Bosri, R. (2016). Masalah Khusus. Jurnal Dunia Ilmu Sosial, 6(2), 39-50.
- Charaia, V., Chochia, A., & Lashkhi, M. (2020). Dampak FDI pada Pembangunan Ekonomi: Kasus dari Georgia. Jurnal Studi Eropa TalTech, 10(2): 96-116.
- Cornelli, G., Davidson, V., Frost, J., Gambacorta, L., & Oishi, K. (2019). Pembiayaan UKM di Asia: Baru-baru ini inovasi dalam kredit fintech, pembiayaan perdagangan, dan seterusnya (Seri Kertas Kerja ADBI No. 1027). Bank Pembangunan Asia.
- Dutta, M. J., Elers, C., & Jayan, P. (2020). Culture-Centered Processes of Community Organizing in COVID-19 Response: Notes From Kerala and Aotearoa New Zealand. Frontiers in Communication, 0, 62.
- Effendy, AA, Budiyanto, A., Nurhadi, A., Murtiyoko, H., & Mas'adi, M. (2020). "Implementasi Kewirausahaan dan Koperasi Sekolah pada SMK Mulia Buana, ParungPanjang-Kab. Bogor." DEDIKASI PKM, 1(2), 105-110.
- Hapsari, P. P. (2014). Pengaruh Pertumbuhan Usaha Kecil dan Menengah (UKM) terhadap Pertumbuhan Ekonomi Daerah (Studi di Pemerintah Kota Batu). Vol.17, No.2.
- Hogeforster, M. (2014). Tantangan masa depan untuk inovasi dalam UKM di Wilayah Laut Baltik. Proses-Ilmu Sosial dan Perilaku, 110, 241-250.
- Kementerian Koordinator Bidang Perekonomian Republik Indonesia. (2021). Dukungan Pemerintah Bagi UMKM Agar Pulih di Masa Pandemi.
- Kementrian Koperasi dan UMKM. (2015) . PDB, Tenaga Kerja, Investasi, Ekspor, Jumlah Unit UMKM di Indonesia. Kemenkop dan UMKM, Jakarta.

- Kinasih, S. A. (2011). Analisis Pengaruh Perkembangan UKM terhadap Pertumbuhan PDRB Kabupaten Bantul 1994-2009. Universitas Atma Jaya Yogyakarta.
- Laily, N. (2016). Analisis Pengaruh Perkembangan Usaha Kecil Menengah (UKM) terhadap Pertumbuhan Produk Domestik Regional Bruto (PDRB) Kabupaten Gresik. *Jurnal Pendidikan Ekonomi (JUPE)*, 4(3).
- Lu, L. (2018). Mempromosikan keuangan UKM dalam konteks revolusi fintech: Studi kasus di Inggris praktik dan regulasi. *Tinjauan Hukum Perbankan dan Keuangan*, (33): 317-343.
- Maniruzzaman. (2017). Peran Pembiayaan Modal Kerja dalam Pertumbuhan Sektor UKM di Bangladesh. *Jurnal Internasional Teknologi Baru dan Penelitian*, 3(6), 263279.
- Organisasi untuk Kerjasama Ekonomi dan Pembangunan. (2016). Sekilas tentang Kewirausahaan. Penerbitan OECD, Paris.
- Organisasi untuk Kerjasama Ekonomi dan Pembangunan. (2017). Meningkatkan kontribusi UKM dalam ekonomi global dan digital. Di Pertemuan Dewan OECD Tingkat Menteri. Penerbitan OECD, Paris.
- Papava, V., & Charaia, V. (2020). Krisis ekonomi dan beberapa tantangan bagi perekonomian Georgia. *GFSIS, Pendapat Ahli*, (136).
- PP No. 21 Tahun 2020 tentang Pembatasan Sosial Berskala Besar Dalam Rangka Percepatan Penanganan Corona Virus Disease 2019 (Covid-19).
- Raihan, A. (2001). Keadaan E-Finance di Mengembangkan Negara: Bangladesh Perspektif.
- Romero-Martinez, A. M., Fernández- Rodriguez, Z., Vázquez-Inchausti, E., Romero-Martinez, A. M., Fernández- Rodriguez, Z., & Vázquez-Inchausti, E. (2010). Exploring corporate entrepreneurship in privatized firms. *Journal of World Business*, 45(1), 2-8.
- Shatakishvili, D. (2021). Peluang lorong pascakonflik di Kaukasus Selatan dan Georgia perspektif dominasi. *Jurnal Publikasi Riset Internasional*, 77(1), 81-87.
- Sukirno, S. (2007). Ekonomi pembangunan (proses, masalah, dan kebijakan). Kencana Prenada, Jakarta.
- Suliyanto. 2011. *Ekonometrika Terapan*. Yogyakarta: Andi.
- Sunarsi, D., Rohaeni, N., Wulansari, R., Andriani, J., Muslimat, A., Rialmi, Z., Kustini, E., Kristianti, LS, Rostikawati, D., Effendy, AA, Purwanto, A. & Fahlevi, M. (2020) Pengaruh Gaya e-Leadership, Komitmen Organisasi dan Kualitas Layanan Terhadap Kinerja Sekolah Indonesia. *Tinjauan Sistematis di Farmasi*, 11 (10), 472-481.
- Susyanti, J., dan Pardiman. (2021). Pengembangan Ekonomi Kreatif dan UMKM di Jawa Timur. *Open Journal System (OJS), Jurnal Pusat Studi Jawa Timur Pascasarjana Universitas Islam Malang*, 2(1).
- Widarti, P. (2021). UMKM Jatim didorong Masuk Ekosistem Digital. Retrived September 30, 2021 from <https://m.bisnis.com/:amp/read/202108>
- Wonglimpiyarat, J. (2015). Challenges of SMEs innovation and entrepreneurial

financing. *World Journal of Entrepreneurship, Management and Sustainable Development*, 11(4), 295-311.

- Y. Lu, J. Wu, J. Peng & L. Lu. (2020). Dampak yang dirasakan dari epidemi Covid-19: bukti dari sampel 4807 UKM di Provinsi Sichuan, Tiongkok, "Bahaya Lingkungan", 19(4): 323-340.