THE INFLUENCE OF GROWTH OF MICRO, SMALL AND SMALL ENTERPRISES MEDIUM TO ECONOMIC GROWTH IN BENGKULU PROVINCE

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ABSTRACT
The purpose of this study was to determine the development of Micro, Small and Medium Enterprises (MSMEs) and their influence on economic growth. This study used a quantitative approach with a simple linear regression analysis model. The data used was panel data obtained from Bank Indonesia, Central Statistics Agency, Bappenas using period data from 2018-2020. The results showed that MSMEs have a positive and significant effect on economic growth. This article focuses on Bengkulu Province, which perhaps has not been studied much in previous research. Many studies on MSMEs and economic growth may have been conducted at the national level or in other regions, but research specifically in Bengkulu adds new and contextual data that is important for regional understanding.
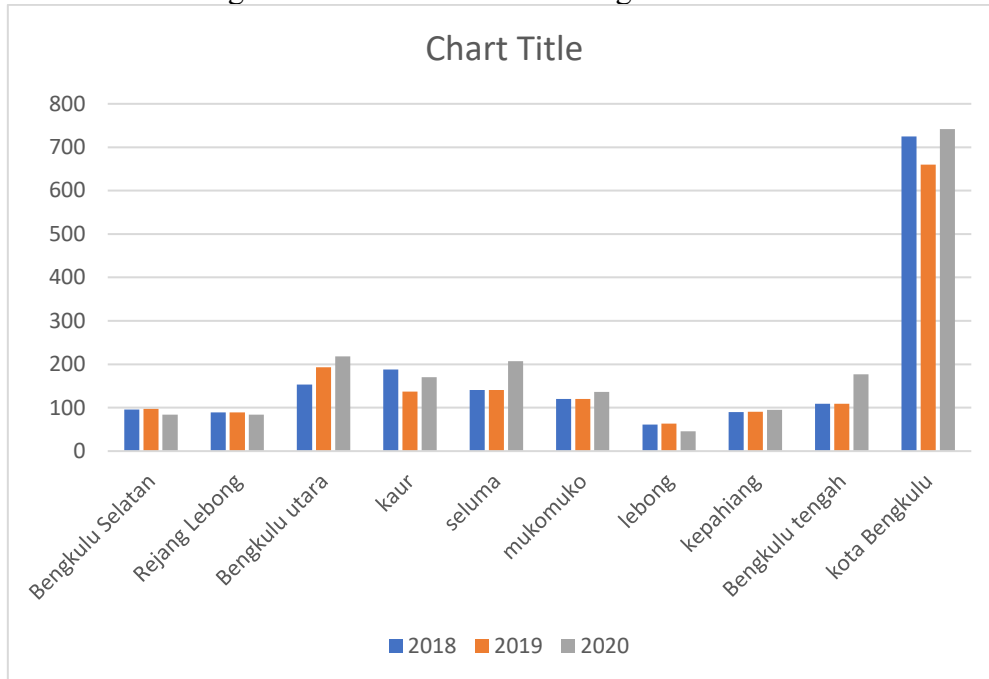**Keywords**: MSME, Economic Growth, MSME Performance

1. Introduction

Micro, small and medium enterprises (MSMEs) are very important to increase the prosperity of a country, especially developing countries such as Indonesia. The potential of MSMEs to increase people's income and create jobs is huge (Lamazi, 2020). To increase per capita income and strengthen the economy of a region, (MSMEs) offer solutions to introduce creative goods or services from a region to the general public, as well as provide business opportunities for local business people. Therefore, business people (MSMEs) are asked to participate in Indonesia's economic development (Suprapto 2022).

In addition, (MSMEs) play a significant role in driving economic growth and job creation in Indonesia. MSMEs can play a greater role in the economy if they receive sufficient support (Rana et al., 2022). A study found that encouraging the growth of MSMEs in low-income areas can be an effective method to boost economic growth (Stiglitz, 2016; Zidana, 2015). Judging from the role of small and medium enterprises according to that "in Indonesia's economic development, small and medium enterprises" have always been described as sectors that play an important role for the advancement of economic growth in Indonesia (Hapsari et, al 2014).
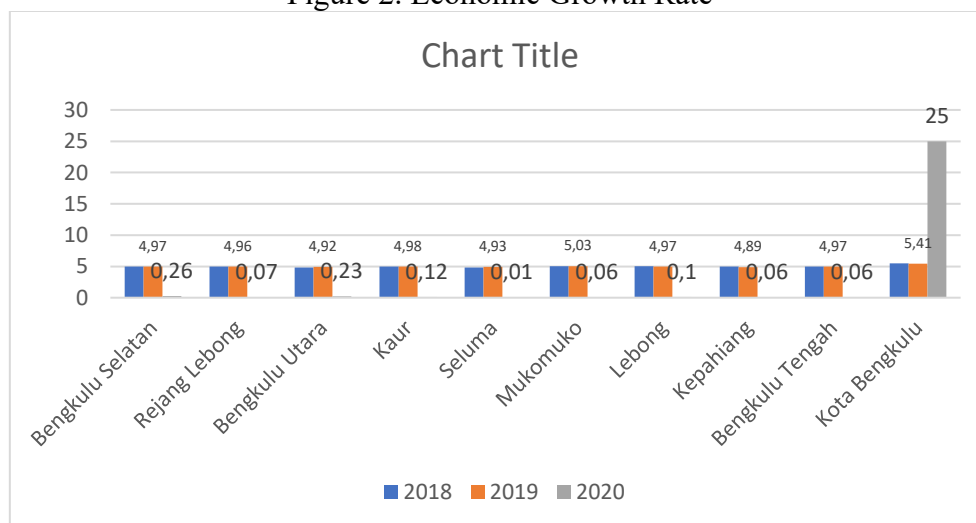
Figure 1. Active MSMEs in Bengkulu Province

Source:central bureau of stastics whose data is processed (data for 2018-2020).

Based on the image presented above for the period 2018 to 2020, there are variations in the number of active MSMEs in various regencies and cities in Bengkulu. Bengkulu City showed quite high numbers in the three years, with the number of active MSMEs reaching 725 in 2018, falling slightly to 660 in 2019, and again rising to 742 in 2020. This shows the potential and strong economic activity in the provincial capital of Bengkulu.

However, there is significant variation among other districts. For example, North Bengkulu Regency showed a fairly stable upward trend from year to year, with the number of active MSMEs rising from 153 in 2018 to 218 in 2020. On the other hand, Lebong Regency showed a slightly fluctuating trend, but tends to decline from year to year, with the number of active MSMEs dropping from 61 in 2018 to 46 in 2020. This can be due to a variety of factors, including changes in local economic conditions, local government policies, and other social and demographic factors.

Figure 2. Economic Growth Rate

Source:Central Bureau of Statistics whose data is processed data on the rate of economic growth for 2018-2020

Based on the economic growth chart presented from 2018 to 2020, there were significant variations between districts and cities in Bengkulu Province. The majority of regions experienced a positive growth trend during the period, albeit with different degrees of variation. Bengkulu City showed very significant growth, with an economic growth rate that reaches 25% in 2020. This shows that the city became a strong economic centre within the province.

On the other hand, several districts such as North Bengkulu, Kaur, and Seluma also showed a positive growth trend, albeit with a lower growth rate compared to Bengkulu City. Meanwhile, other districts such as South Bengkulu, Rejang Lebong, and Lebong showed fluctuations in their economic growth during the period, some even experienced a decline in certain years, as happened in South Bengkulu in 2020. Factors such as natural resources, infrastructure, and local government policies most likely play an important role in determining each region's economic growth rate.

From the image of MSMEs and the rate of economic growth above, it proved that MSMEs play a very important role in economic growth. MSMEs are also an important driver of economic recovery and development of other sectors. MSMEs also need to maintain their performance to remain sustainable so that their performance can have a greater impact on economic growth (Hakim et al., 2022; Nurlinda &; Sinuraya, 2020; Son, 2016). (MSMEs) is strongly influenced by the rise of the Indonesian economy in terms of business capacity, product quality, and expansion. marketing of goods, micro, small and medium enterprises (MSMEs) that have the opportunity to develop (Laily, 2016). In accordance with the progress of the times, economic development and development play a very important role in increasing regional economic income that contributes to the welfare of the community. (MSMEs) are one of the most sectors as the main driver of economic progress.(Anugrah,2023)

The impact of micro, small and medium enterprises on economic growth that has been carried out previously found that MSMEs can have a positive impact on the local economy by creating jobs, improving living standards and contributing to poverty alleviation (Nurhayati, 2020; Somadi, 2020). Based on these problems, this study aims to identify the influence and correlation with the growth of micro.small and medium enterprises on the economic growth of Bengkulu Province.

The reason for creating an article entitled "The Influence of MSMEs on Economic Growth in Bengkulu Province" is because MSMEs are the backbone of the local and national economy, playing a key role in job creation, innovation, and poverty alleviation. The focus on Bengkulu Province offers a unique and important perspective that is often underrepresented in economic literature that generally centers on more developed regions. By analyzing empirical data and the specific context of Bengkulu, this article can identify challenges and opportunities unique to MSMEs in the area, providing insights that can be used by local policymakers and stakeholders to develop effective strategies to support MSMEs and drive regional economic growth. The research can also contribute to a broader understanding of regional economic dynamics and help inform more inclusive national policies.

2. Literature Review
2.1 Economic Growth

Continuous improvement in the economic condition of a country towards a better state is called economic growth. The long-term increase in the ability of a country (region) to provide more and more economic goods to its population is known as economic growth. These capabilities are increasing as a result of technological advances as well as necessary institutional and ideological adjustments (Haniko et al., 2022). Economic growth can be defined as the process of continuous improvement of a country's economic conditions towards a better state within a certain period of time. For the economic growth of a country (Hasyim, 2016).

If people's real income in a given year is greater than people's real income in the previous year, then the economy experiences growth. The addition of Gross Domestic Product (GDP), which means an increase in National Income, is considered as economic growth in the macroeconomy (Soleh, 2014).

2.2 Micro, Small and Medium Enterprises (MSMEs)

According to Tambunan, (2014: 22) Micro, Small and Medium Enterprises MSMEs are productive business units that stand alone, carried out by individuals or business entities in all sectors of the economy. In principle, the distinction between Micro Enterprises (UMi), Small Enterprises (UK), and Medium Enterprises (UM) is generally based on the initial asset value (excluding land and buildings), average turnover per year or the number of permanent workers

In addition, micro, small and medium enterprises are business activities or businesses run by individuals, households, or small business entities. With their contribution to employment, income, equity, rural economic development, and exports, micro, small and medium enterprises have always been considered to play an important role in Indonesia's development (Imur, 2023). Micro, Small and Medium Enterprises (MSMEs) strive to grow businesses in order to build a national economy based on equitable economic democracy. This means that MSMEs are a tool of national struggle to grow and build the national economy by involving as many economic actors as possible based on their potential and on the basis of justice for all stakeholders (Wilantara &; Indra, 2016).

2.3 Micro, Small and Medium Enterprises (MSMEs) in the Regional Economy

Local economic development policy is a policy that is considered appropriate and strategic in the context of developing regional potential. The micro, small and medium enterprises (MSMEs) sector has proven to be able to save the Indonesian economy from the previous crisis, Micro, small and medium enterprises (MSMEs) have not seen significant changes since the economic crisis ended. In addition, the contribution of micro, small and medium enterprises (MSMEs) is recognized as part of the local economy. (Navastara 2014:26).

Creative businesses can generate rapid economic growth without requiring adequate labor (Halim, 2020). Previous research from (Firmansyah and research Hidayati 2016 found that the growth of MSMEs on economic growth showed a significant positive relationship, meaning that MSME growth was getting higher in line with existing economic grow 2018 th (Firmansyah 2018 &; Hidayati 2016).The influence of MSMEs on economic growth according to research Raselawati shows a significant positive influence, meaning that economic growth increases in line with the increasing number of MSMEs (Raselawati, 2017).This is in line with research) which shows that the MSME sector as a whole affects economic growth, which in turn can have an impact on national development (Riswara, 2018).

3. Research Methods

This study used the explanatory research method, which is to explain the relationship between independent and bound variables. The data used in this study was obtained from the Central Bureau of Statistics of Bengkulu Province from 2018 to 2020. Secondary data is data obtained indirectly through intermediary media, namely research results, books, articles, various publications and related institutions related to the problem being discussed (Rawung et al., 2022). The method used is the linear regression method. The type of data used is panel data. Panel Data is a combination of time series and cross section. Time series data is the use of research time from the period 2018 – 2020 while cross section data consists of 10 districts of Bengkulu Province.

The regression model is written with the following equation:

$$YIt = BoIt + B1 \ X1It + eit$$

Information:
Y: Economic growth i.e. Economic Growth Rate
Bo: Konstanta
X1: Micro, Small and Medium Enterprises in Bengkulu Regency / City in 2018-2020
β1: Regression Coefficient
ε : error
It: 10 districts/cities of Bengkulu from 2018-2020

The best model interpretation techniques use CEM, FEM, and REM and are selected through tests such as the Chow test, Hausman test, and Lagrange Multiplier (LM). The Chow test is performed to determine the appropriate regression method for panel data between FEM and CEM. To select a regression model, panel data between FEM and SEM was performed Hausman Test. While the LM test is used when the Chow test results show CEM and REM shows Hausman results. In addition, to determine the influence between variables is done with the T test and F test and R.sauare rate.

To clarify and strengthen the influence of the results of the regression analysis obtained, a classical assumption test is used. The classical assumption test consists of normality, multicholinerity and autocorrelation. The classical assumption test used is multicollinearity According to Ghozali (2017) states that the multicollinearity test aims to test whether in the regression model there is a high or perfect correlation between independent variables and heterokedasticity test According to Umar (2013) the heterokedasticity test is carried out to find out whether in a regression model there is an inequality of variance from the residual of an observation to another observation. The classical assumption test is carried out to clarify the influence of the results of the regression analysis obtained.

4. Research Findings and Discussion

The following assumption test shows the calculation results of the model tested using the Eviews 12 program to determine the selected estimation model:

Multicollinearity Test: The purpose of this test is to find out how relationships exist among independent variables. The appearance of correlation among independent variables indicates a problem of multicollinearity. If there is multicholinerity, a correlation test can be performed using it. The correlation matrix can be used to determine whether there is a relationship between multicollinearity problems or independent variables. According to Soemantri (2019), multicollinearity is identified when the correlation value is more than 0.80.

Tabel 1. Multicollinearity Test Results

	X	X01
X	1.000000	0,5814322
X01	0,581432	1.000000

Source : processed data (Eviews 12)

Correlation matrix in Table 1. Indicates that the correlation value is not more than 0.80, which indicates that there is no multicollinearity.

The heteroscedasticity test is used to evaluate the difference in variance from the overall residual observations in the regression model. Homokedacity occurs when the residual variance of two events is equal, whereas heteroskeditas occurs when the residual variance of two events is different. The Glesjer test is used to test for heteroscedasticity. When the sum of chi-squared probabilities exceeds α 0.05, the determination of the model is determined (Soemantri, 2019).

Table 2. Probability Value of Glesjer test

Variable	Prob.
C	0,33000
X1	0,10579

Source : processed data (Eviews 12)

Analysis of Coefficient of Determination The results of the analysis as shown in table 1. The coefficient of determination or R square (R_2) is 0.251747 this means 25% variation in economic growth (Y) can be explained by the variable, namely MSMEs. While the remaining 75%. Other causes that are not included in this research model are explained. Hypothesis Testing t-Test (Hypothesis Test) Based on the results of data processing, it can be seen in Table 1 that a prob value of 0.026337 is obtained and Ha is accepted, meaning that the variable, namely MSMEs (X), affects economic growth (Y). Regression Model Panel Data Regression equation is used to see the influence of independent variables, namely MSMEs with dependent variables, namely economic growth. In order for the regression analysis results of the panel data obtained to be more accurate and faster, regression analysis is carried out with the help of the eviews 12 program where the following regression results are obtained:

5. Panes Data Regression Results

Table 3 Source: Data processed (Eviews 12)

VARIABLE	COEFFICIENT
Number of MSMEs	-0.054700** (0,0207)**
Economic growth	13.255 (0,000)**
R-Squared	0,25
F-Statistic	0.639**
Total Observation	30

Based on table 3, the regression equation is obtained as follows:
$$Yit = 13.25523 - 0.054700$$

Based on the above equation can be interpreted as follows: The regression value of 13.25523 states that if MSMEs (X) are zero, then the economic growth rate is a constant value of 13.25523. The value of the regression coefficient of the negative poverty variable, amounting to -0.054700 means that if poverty decreases by 1%, the human development index will increase by -0.054700% provided that other variables are considered fixed or constant. This shows that the contribution of the MSME sector has a positive impact on the economic growth of a region. Impact of COVID-19 Pandemic: The significant decline in economic growth in 2020 can be attributed to external factors, especially the COVID-19 pandemic. This pandemic can hamper the growth of MSMEs and the economy as a whole through various mechanisms such as restrictions on economic activity, decreasing people's purchasing power, and supply chain disruptions in Bengkulu Province.

Several studies show that the performance of MSMEs has a positive influence on economic growth. In the context of Indonesia, research conducted by (Aqida &; Fitria, 2019) found that MSMEs have a positive and significant impact on economic growth and poverty reduction. The study also identified that factors such as access to credit, training, and market information positively affect MSME performance. Similarly, research conducted by (Firmansyah, 2022; Halim, 2020) found that MSMEs have a significant and positive impact on

economic growth in Indonesia. The study identifies factors such as human resources, business networks, and market access that positively affect the performance of MSMEs.

The impact of MSMEs on Economic Growth can be assumed that MSMEs have a significant contribution to economic growth in Bengkulu Province. Because MSMEs are one of the main drivers of local economic growth, improving MSME performance can result in an increase in the GDP of a region. However, a significant decline in economic growth in 2020 could indicate the negative impact of external factors, such as the COVID-19 pandemic, which could hamper MSME growth and the economy as a whole. Therefore, strategies to support MSMEs and strengthen the local economy are important in facing challenges like this.

6. Conclusion

Research shows that the performance of MSMEs contributes positively and significantly to economic growth in Bengkulu Province Various components, such as access to credit, human resources, marketing, and technology. In addition, the performance of MSMEs has a significant influence on economic growth, and policies that encourage access to finance, technology, and business networks can significantly improve the performance of MSMEs, which in turn can encourage economic growth in Bengkulu Province. Thus, the role of MSMEs must be imitated. Despite variations in economic growth in Bengkulu during the period, MSMEs remain an important sector that needs to be supported to boost economic growth This study provides an overview of the effect of MSME performance on economic growth in Bengkulu Province. However, there are several factors that have not been studied in depth, such as factors that affect the performance of MSMEs and the socio-economic impact of MSME development in the area. Therefore, the suggestion for future research is to examine these factors in more detail and identify strategies that can improve the performance of MSMEs and provide a positive socio-economic impact for the people of Bengkulu Province.

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