# The Role of Micro, Small and Medium Enterprises in Reducing Unemployment in Lampung Province

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**ABSTRACT**

In the current era of globalization, there are many different types of businesses that can be found in Indonesia, both on a small and large scale. In this case, the government always strives to provide support for MSMEs so that they can create thriving businesses in each of their respective fields. The data analysis used is multiple linear regression. The research results show that: 1) The wage level and the F Test for Micro, Small and Medium Enterprises both have a simultaneous influence on unemployment in Lampung Province . 2) Based on the findings of a partial test (t test) comparing SMEs, the response rate in East Java Province has decreased. This can be explained by the calculated t value of 27.85499 but the t table value is only 2.13185. The calculated t value obtained exceeds the t table significantly, or the significance level of 0.00 is smaller than 0.05. Action in Lampung Province will decrease by 22.2% with the growth of micro and small businesses, according to the regression coefficient of 0.222454 or 22.2%. 3) The level of wages in MSMEs has a negative impact on reducing income in Lampung Province , according to the partial test (t test) between them. This can be explained by the fact that the calculated t value, namely -7.082008, is substantially smaller than the t table value, 2.13185, or by using a significant threshold of 0.0021 < 0.05. The response rate in Lampung province will decrease by 3.92% when the wage rate for micro, small and medium enterprises is increased, according to the regression coefficient of -3.920577, or 3.92%.

**Keywords**: *Unemployment, wage level, MSMEs*

## INTRODUCTION

In the current era of globalization, there are many more types of businesses that can be found in Indonesia, both on a small and large scale. In this case, the government always strives to provide support for MSMEs so that they can create thriving businesses in each of their respective fields. In Lampung Province itself, the most dominant type of business is MSMEs, so with this phenomenon the central and regional governments always try to pay attention so that the MSME industry can develop from year to year. Navastara considers Navastara's local economic development policy to be strategic and suitable in order to maximize regional potential.

The MSME sector in Indonesia has proven to be a safety valve in various economic crises. extreme crisis. Although it must be acknowledged, there have not been many important policy changes for micro, small and medium enterprises (MSMEs) until the economic downturn has ended. In several regional economies, the impact of micro, small and medium enterprises (MSMEs) is also recognized. The localization process of economic growth can find and build regional institutions, increase the capacity of human resources to produce high quality, competitive goods, search for markets, as well as expand existing small industrial businesses. According to Wirawan, creative industry can be defined as a collection of related economic activities. with the creation or use of knowledge and information. Creative activities related to graphic design, interior, product, industrial, packaging, and corporate identity consulting. According to Aisyah, fashion design is a creative activity related to the creation of clothing designs, footwear

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designs and other fashion accessories. According to Aisyah, it is also related to factors that are considered to hinder the operation of the Micro, Small and Medium Enterprises (MSME) sector, such as capital problems, lack of raw materials. quality and marketing infrastructure. Owners of micro, small and medium industrial enterprises (MSMEs) are recognized because marketing matters are still carried out as best as possible in collaboration with the people closest or familiar to them.

Several regions themselves claim to have carried out various outreach and guidance to micro, small and medium enterprises (MSMEs) in an effort to develop this creative industry. However, the participation of various parties is still needed in the development of the micro, small and medium enterprise (MSME) industry, especially in this sector. This work can be carried out as expected. other fashion accessories. We must be able to obtain a promising turnover on this business scale. If this company is successful, it will also require more time and overall improvements. Because almost all of them have positive characteristics that make them more flexible, the prospects for developing this business are quite profitable. Small and medium businesses are one of the many features that a home industry may have.

## METHOD

This research is quantitative research. The sample in this research is MSME Wage and Unemployment Levels in Lampung Province. Data collection techniques use interviews, observation and literature study. Data collection and analysis techniques use multiple linear regression analysis. Here is a multiple linear equation:

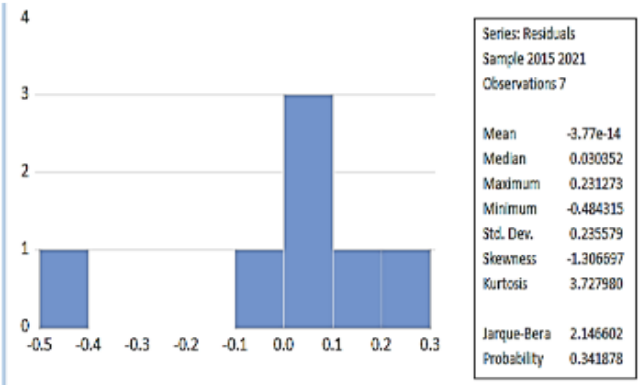
**Y = a+b1X1+b2X2+e**

Information :
Y= Unemployment
X1= Micro, Small and Medium Enterprises
X2= Wage Level
a= Constant.
b1,b2= Regression coefficient
e= error, or. .

## RESULTS AND DISCUSSION

Multiple Regulation Analysis 1. Normality Test This test* is a statistic used to test data observed by the owner which distributes normal and abnormal values. Before. To carry out the overall test, the researcher will first carry out a normality test to determine whether the data that has been processed is suitable for continuing research.

***Table 1.*** *Normality Test Results*




Data can be distributed well if the probability results are greater than 0.05, and this could be abnormal if the number of probabilities is lower than 0.05. Based on the amount of data, it can be normally distributed if the probability number exceeds the probability number, namely 0.05, and It can be said to be abnormal if the sum of the probabilities is less than 0.05. the normality test mentioned above, which shows that the significant value

is 0.341878 > 0.05, we can conclude that the data studied has a normal impact. 2. Determining the Regression Equation

***Table 2.*** *Regression Model and Hypothesis Testing*

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -171.6748 | 6.150523 | -27.91224 | 0.0000 |
| X1 | 0.222454 | 0.007986 | 27.85499 | 0.0000 |
| X2 | -3.920577 | 0.553597 | -7.082008 | 0.0021 |

From the results of data processing in table 1.2 above, the regression model to test the impact of Micro, Small and Medium Enterprises (MSMEs) and Wage Levels in West Sumatra Province in the 2015-2021 period is:

a) The value of Constant (a) is 27.91224, which means that if the UMKM variable and the level of Wages for Unemployment in Lampung Province are Constant or equal to (0), it means that the number of Unemployed in Lampung Province in the 2015-2021 period means an increase of 27.91224 .

b) The results of the t test on variable 0.00 < 0.05 means Ha is accepted and H0 is rejected, meaning that variable The results of the t test on variable 0.002 < 0.05, then H0 is not accepted, and Ha is accepted, which means that variable X2 (Wage Level) has an effect on variable Y (unemployment) in Lampung province. This can explain that the increase in the Wage level for Lampung Province was IDR. 7.082008.3. Coefficient of Determination (R2) The coefficient value in the regression model for MSMEs and wage levels on unemployment during the 2015-2021 period is shown in the table below.

***Table 3.*** *Determination Results*

| | |
|---|---|
| R-squared | 0.99554 |
| Adjusted R-squared | 0.99332 |
| S.E. of regression | 0.28852 |
| Sum squared resid | 0.33298 |
| Log likelihood | 0.72692 |
| F-statistic | 447.075 |
| Prob(F-statistic) | 0.00002 |

The Adjusted R-Square value is 0.995546 or 99.5546%. The calculation of the coefficient of determination above identifies the independent variables consisting of X1, Partially (t test) The t test is a statistical method used to test the truth or falsity of a data hypothesis. The t test was carried out to see the independent effect on the dependent variable. The significance level applied in the current research is 0.05. Unemployment from variable X (MSMEs and total wages) to Unemployment (Y) in Lampung Province. The statistical test used is the t test. The t test is used to see the effect of the independent variable (X) on the dependent variable (Y). To ensure the number of t-tables is set with a significant number of 5% and the degree of freedom df = (nk-1) where n is the number of respondents and k is the number of variables. The conditions are as follows: If $t_{count} > t_{table}$ (nk-1) then Ho is rejected. If $t_{count} < t_{table}$ (nk-1) then Ho is accepted.

From the output data, you can pay attention to the $t\text{-}_{table}$ obtained for all variables. If you want to know whether H1 will be accepted or rejected, you must first determine the value of the t-table that you want to apply. The t table value in this study relies on the df number and the significance calculation used. To determine the significance level of 5% and the df value of nk-1 = 7-3-1, the t table result is 2.13185.

The results of processing the impact of MSMEs and wage levels in reducing unemployment in Lampung Province in the 2015-2021 period are as follows:

1) The influence of MSMEs in reducing the unemployment rate due to processing, the $_{calculated\ t\ value}$ for the MSME variable is 27.85499 > $t_{table}$ namely 2.13185 and the sig number.

0.0000 < 0.05, so H0 is rejected and Ha is accepted, then what is meant by this is that variable X1 has an effect on variable Y. The results of the t test on variable 0.0021 < 0.05, so H0 is immediately rejected and Ha is accepted, meaning that variable X2 has an effect on Y.

***Table 4.*** *t test results*

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -171.6748 | 6.150523 | -27.91224 | 0.0000 |
| X1 | 0.222454 | 0.007986 | 27.85499 | 0.0000 |
| X2 | -3.920577 | 0.553597 | -7.082008 | 0.0021 |

| | | | |
|---|---|---|---|
| R-squared | 0.995546 | Mean dependent var | 6.012857 |
| Adjusted R-squared | 0.993320 | S.D. dependent var | 3.530051 |
| S.E. of regression | 0.288524 | Akaike info criterion | 0.649450 |
| Sum squared resid | 0.332984 | Schwarz criterion | 0.626269 |
| Log likelihood | 0.726925 | Hannan-Quinn criter. | 0.362933 |
| F-statistic | 447.0754 | Durbin-Watson stat | 2.606384 |
| Prob(F-statistic) | 0.000020 | | |

Simultaneous Testing (F Test) The F Test is a statistical test method to be carried out on one or more objects to be compared. The implementation of this test can be made to understand the influence or influence of the independent variable in a similar or simultaneous manner to the dependent variable by setting the F test at a significance level of 5%. If the significance of the F test is <5%, it means that all independent variables are detected in the dependent variable. We can pay attention to the F test results from the table below:

***Table 5*** *. Simultaneous Test Results (F Test)*

| | |
|---|---|
| R-squared | 0.995546 |
| Adjusted R-squared | 0.993320 |
| S.E. of regression | 0.288524 |
| Sum squared resid | 0.332984 |
| Log likelihood | 0.726925 |
| F-statistic | 447.0754 |
| Prob(F-statistic) | 0.000020 |

Verification of research data was carried out using the f-table comparison technique with a total of 5% and degrees of freedom df1 = k-1 and df2 = nk.n = respondent value, k = variable value The $_{\text{calculated F value}}$ is 447.0754 > t $_{\text{-table}}$ , namely 6.94427191 as well as sig results. 0.000020 < 0.05, so HO is not accepted and Ha is accepted, meaning that variables X1 and X2 have an influence on variable Y (unemployment) in East Java province. The test criteria carried out are if F-count > F-table (nk-1) means HO is not accepted and H1 is accepted, so the statistical data model used can show that the two independent variables (X1 and X2) have an impact on the value of the variable (Y). Based on the test results, the Fcount value was 447.0754 and F $_{\text{table}}$ 6.94427191 at a significance level of 5%, k=1 as the degree of freedom of the numerator (df1), nk-1 as the degree of freedom of the denominator (df2), and 7 -2- 1 as the denominator degree of freedom (df2). If these two F values are compared, the Fcount result is 447.0754 which is much higher than the t table so that H1 can be accepted. This shows that wage level, MSMEs and their combined effect on response suppression.

## CONCLUSION

Wage levels and the F Test for Micro, Small and Medium Enterprises both have a simultaneous influence on unemployment in Lampung Province. Based on the findings of the partial test (t test) comparing SMEs, the response rate in Lampung Province has

decreased. So it can be explained by the $_{\text{calculated t value}}$ of 27.85499 but the t $_{\text{table total}}$ is only 2.13185. The $_{\text{calculated}}$ t value obtained exceeds the t table significantly, or the significance level of 0.00 is smaller than 0.05. Action in Lampung Province will decrease by 22.2% with the growth of micro and small businesses, according to the regression coefficient of 0.222454 or 22.2%. The wage level in MSMEs has a negative impact on the decline in income in Lampung Province, according to the partial test (t test ) among all. This can. It is true that the $_{\text{calculated t value}}$ , namely -7.082008, is substantially lower than the t table value, 2.13185, or using a significant threshold of 0.0021 < 0.05. The response rate in Lampung province will decrease by 3.92% when the wage rate for micro, small and medium enterprises is increased, according to the regression coefficient of -3.920577, or 3.92%.



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