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THE EFFECT OF SMALL AND MEDIUM MICRO BUSINESS GROWTH (SMEs) TOWARD ECONOMIC GROWTH IN JAKARTA

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ABSTRACT: The potential of SMEs is not only limited to domestic trading activities, but SMEs in Indonesia who had engaged in export and import. This activity would have a positive impact for local governments. Due to the presence of exporting and importing countries will bring in income (Gross Domestic Product) and area (Gross Regional Domestic Product). Decriptive methode used in this study and this study concluded that there is a positive and significant effect of the growth of SMEs toward economic growth of Jakarta in period 2006 to 2011. Thereby to enhance the role of SMEs in economic growth, cooperation between governments as policy makers and the public as SMEs are absolutely necessary. This can be done by creating a program design that is able to develop the full potential of SMEs.

KEYWORDS: *Small And Medium Micro Business; Economic; Jakarta*

I.   INTRODUCTION

The development of micro, small and medium enterprises (MSMEs) is a strategic step in improving and strengthening the basic economic life of the majority of the people of Indonesia, particularly through providing employment and reducing inequality and poverty levels.

The development of the role of large micro, small and medium enterprises (MSMEs) is shown by the number of business units and entrepreneurs, as well as their contribution to national income and the provision of employment. In 2003, the percentage of the number of MSMEs was 99.9 percent of all business units, consisting of 62.0 thousand medium business units and 42.3 million small business units, the majority of which were micro scale businesses. MSMEs have absorbed more than 79.0 million workers or 99.5 percent of the workforce in 2004 the number of MSMEs is estimated to have exceeded 44 million units. This number of workers increased by an average of 3.10 percent per year from the position in 2000. The contribution of MSMEs in GDP in 2003 was 56.7 percent of the total national GDP, up from 54.5 percent in 2000. Meanwhile in 2003, the number of cooperatives was 123 thousand units with a total membership of 27,283 thousand people, an increase of 11.8 percent and 15.4 percent respectively from the end of 2001.

MSMEs according to Law No. 20 of 2008, micro businesses are productive businesses owned by individuals and / or individual business entities that meet the criteria for micro businesses as regulated in this Act. Small business is a productive economy business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not a branch of the company that is owned, controlled or become a part either directly or indirectly of medium businesses or large businesses that meet the criteria of small businesses as referred to in this law. A medium-scale business is a productive economic business that stands alone, which is carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled, or becomes a part either directly or indirectly with a Small Business or large business with a net worth or annual sales results as stipulated in this Act.

The potential of MSMEs is not only limited to domestic trade activities, but not a few MSMEs in Indonesia have carried out export and import activities. This activity certainly has a positive impact on the local government where the SMEs are. Because the existence of export and import activities will bring state revenue (Gross Domestic Product) and regional (Gross Regional Domestic Product).With increasing regional GDP, it is hoped that the region can stimulate other regions to participate so that economic development can be achieved evenly. What is meant by Gross Regional Domestic Product (GRDP) is one of the macro indicators that can describe the amount of added value obtained from various economic activities in a region or region (Imamul Arifin, 2007: 92).Based on the description above, this study aims to see how the influence of the development of MSMEs on economic growth. And to narrow the area of study carried out in the area of DKI Jakarta.

II.   SMALL AND MEDIUM MICRO BUSINESS

SMEs is a trading business that is managed by individuals or business entities which in this case are included as business criteria in a small or micro scale. Regulations regarding MSMEs have been discussed in Law Number 20 of 2008.In the Act, the criteria used for define SMEs as stated in Article 6 is the value of wealth net or value of assets not including land and buildings for the place of business, or proceeds annual sales. With the following criteria:

a.   Micro businesses are business units that have the most assets of Rp.50 million or not including land and business premises with the most annual sales results Rp.300 million large.
b.   Small businesses with asset values of more than Rp. 50 million to the most Rp.500 million excluding land and buildings where the business has results annual sales of more than Rp. 300 million up to a maximum of Rp. 2,500,000;
c.   Medium-sized businesses are companies with a net worth of more than Rp.500 million to a maximum of Rp. 100 billion in annual sales results above Rp.2.5 billion to a maximum of Rp.50 billion.

In addition to using monetary values as a criterion, a number of institutions governments such as the Ministry of Industry and the Central Statistics Agency (BPS), during this time also using the number of workers as a measure to distinguish scale of business between microenterprise, small business, medium business and big business. For example, according to the Statistics Indonesia Agency (BPS), micro businesses are business units with the number of permanent workers is up to 4 people, small businesses ranging from 5 to 19 workers, and medium business from 20 to 99 people. Companies with the number of workers above 99 people is included in the category of large businesses.

Method
This research was conducted using secondary data, with the scope of which is to analyze the effect of MSME growth on growth in the economic sector in DKI Jakarta in the period 2008 to 2012. Thus, the place of research in this study includes data on MSME growth and economic growth in DKI Jakarta from 2008 to 2012. These data are based on data obtained from a number of sources, namely the Central Statistics Agency (BPS), the Ministry of Cooperatives and SMEs and literature studies.
Research is quantitative descriptive and seeks to analyze and measure the influence between variables. The variables raised in this study include the independent variable (X) and the dependent variable (Y). The independent variable (X) in this study is the growth of MSMEs while the dependent variable (Y) is the economic growth of DKI Jakarta. And data analysis techniques using simple regression analysis methods, correlation and coefficient of determination.

III.   RESULT AND DISCUSSION

Economic Growth in DKI Jakarta
One indicator of economic growth is to look at income from the region. To see the economic growth of a country for example, we must look at the national income of that country. However, high national income does not guarantee the prosperity and welfare of the country. Because the value of national income must then be divided by the number of people who are in the country. The comparison between national income and the number of people in a country is called per capita income.For urban areas, we will get to know the term Gross Regional Income (GRDP). The following is a table that presents the DKI Jakarta GRDP in the period 2006 to 2011.

Table 1. Jakarta GRDP (Based on Applicable Prices) for 2006 – 2011

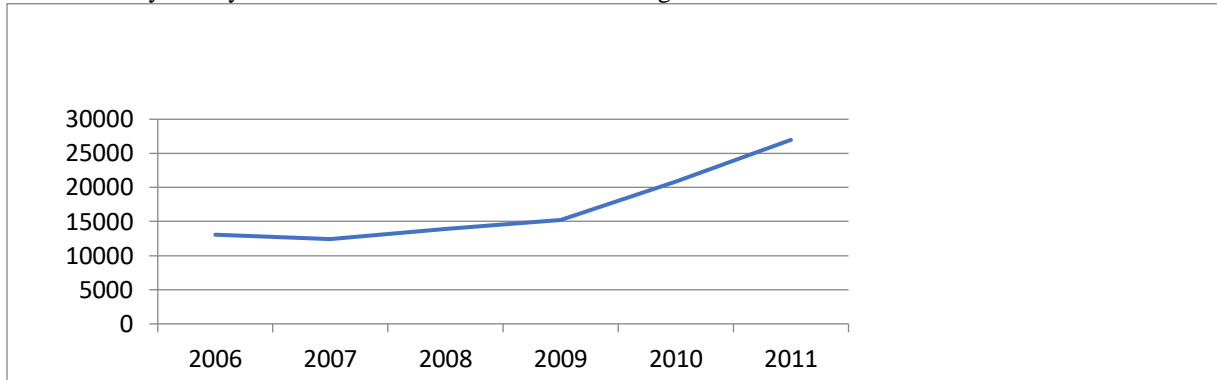| Years	Amount
2006	501.771.740,87
2007	566.449.360,08
2008	677.044.743,16
2009	757.696.594,05
2010	862.089.736,60
2011	982.540.044,00

Source : BPS. 2016

Based on the data above, the average growth of DKI Jakarta DPRB over the past 6 years is 96,153,660.63. It can be said that DKI Jakarta DPRB always experiences growth from year to year, it's just the highest growth experienced in 2012 compared to the previous year.
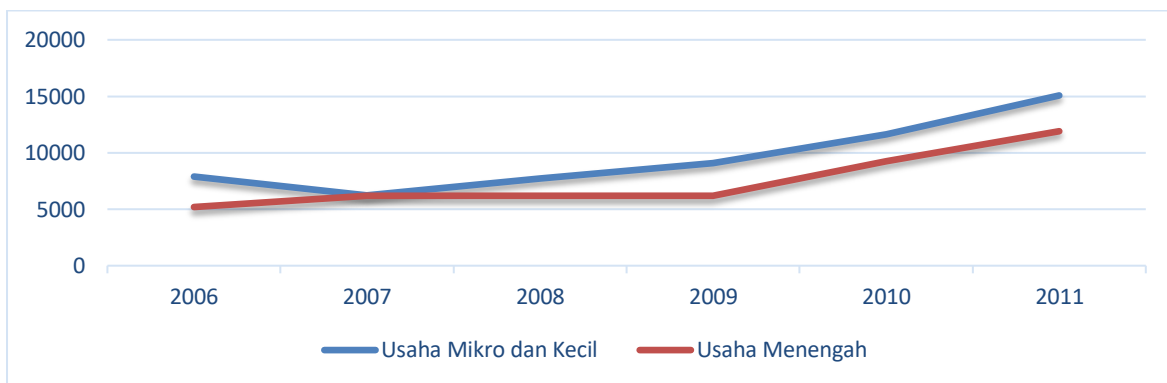
Development of SME in DKI Jakarta
The data in this study were obtained from BPS and the Ministry of Cooperatives and UMKM RI. The following is a table containing the number of MSMEs and GRDP of the DKI Jakarta area from 2006 to 2011. The

following data presentation is as part of the research data.The trend of increasing number of MSME units in Jakarta from year to year. This can be seen from the following table.

Graph 1. DKI Jakarta SMEs Growth Graph 2006 – 2011

While the composition between the number of micro and medium enterprises in the DKI Jakarta area can be described as follows:

Graph 2. Composition of Micro and Small Business and Medium Enterprises in DKI Jakarta in 2006 - 2011

Based on this data it can be seen that the SMEs sector is still dominated by micro and small businesses. This is due to the ease of establishing this type of business, because the capital required is not large. In addition, the uncomplicated requirements for its establishment make this business attractive to the general public. The number of businesses of this type has a very significant contribution in contributing to the number of SMEs units.

Table 2. The composition of DKI Jakarta SMEs in 2006 – 2011

Years	Small and Micro	Middle	Growth
2006	7.875	5.193	13.068
2007	6.225	6.206	12.431
2008	7.696	6.197	13.893
2009	9.083	6.172	15.255
2010	11.613	9.232	20.845
2011	15.075	11.906	26.981

Source : BPS. 2016

Based on the table above we can see that the growth of MSMEs in Jakarta in general continues to increase every year. Except in 2007 which decreased by 637 units from the previous year. The most rapid increase can be seen in 2011, this year the number of UMKM units increased to 6136 units.

Simple Regression Analysis

With the equation $Y = a + bX$, the equation obtained in this study has a of 253.61 and the value for b is 0.01. So with the existing values a and b we can arrange the regression equation in this study as follows:

$Y = 253.61 + 0.01 X$

The equation above can be interpreted that if the growth rate of SMEs has increased by 100 times, then what will happen is economic growth of 25361 + 1 which is 25362. In addition it can be seen that in this study there is a perfect direct linear effect that is positive between variables X (SME growth) with variable Y (economic growth).

Correlation Test

From the calculation results it can be seen that the correlation results obtained are 0.92. Based on the correlation table in the previous chapter, the correlation results (0.92) are included in the very strong correlation category. Then this count is compared to the table for the value of r in the product moment, for n = 6, the error level is 5%, then the rtable value is 0.811.

In accordance with the provisions if the r count is smaller than r table, then Ho is accepted and Ha is rejected. But if the count turns out to be greater than the table then Ha is accepted. In this study the value of r count> r table (0.927>0.811), meaning that Ha is accepted. This can be interpreted that there is an influence between variable X with variable Y which is positive and very strong (significant).

Determination Coefficient Test

The coefficient of determination in this study is 85%. This has the meaning of the influence of MSME growth on economic growth in DKI Jakarta by 85%. While the rest is influenced by other factors by 15%.

IV.   CONCLUSION

Based on the results obtained from this study, as well as the things found during the research process, the following are conclusions and suggestions that can build economic growth through the improvement of SMEs in Indonesia. To enhance the role of SMEs in economic growth, collaboration between the government as policy makers and the community as SME actors is absolutely necessary. This can be done by making program designs that are able to develop the maximum potential of SMEs. In addition, the improvement of facilities and infrastructure related to SME is also needed. SMEs should no longer only be used and considered as "side" businesses. Because the benefits of SMEs can have a huge impact. Therefore, education on the importance of entrepreneurship in SMEs is needed.

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