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The Effect Of Umkm Growth, Labor Force Participation Level And Kur On Grdp Of Lampung Province In The Period Of 2017-2021

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Abstract

GRDP is level development economy, and as inside reference assessment and planning development area. Research This aiming For know influence Growth of MSMEs, Labor Force Participation Rate, and KUR Against PDRB of Lampung Province Period 2017-2021. Methods in study This use method quantitative. The data used is secondary data, which is obtained from agency government whose data published in a way open on page officially. The data that I use taken through page official government namely Bps.go.id and bi.go.id. The data used is panel data in the form of annual data for the period 2017 to 2021 in 16 regencies /cities in Lampung Province. Data analysis uses panel data with a random effect regression model that is processed with Eviews 10. Based on results study state that The number of Micro, Small and Medium Enterprises (MSMEs) has an influence positive and significant to Product Gross Regional Domestic Product in Lampung Province 2017-2021. Labor Force Participation Rate has no effect significant to Product Gross Regional Domestic Product in Lampung Province 2017-2021. People's Business Credit has no effect significant to Product Gross Regional Domestic Product in Lampung Province 2017-2021.

Keywords : MSME Growth, Labor Force Participation Rate, KUR, and GRDP.

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INTRODUCTION

Growth economy, which is the process of increasing output in a sustainable, to be indicator important in evaluate success development a country. Topic about growth and development economy is very relevant For discussed Because both of them related direct with welfare public (Ma'ruf & Wihastuti, 2008) . Increase welfare in a way overall will repair quality life all individual, allowing they For play a role more in economy. In general empirical, thing this is also related with improvement standard life and well-being man in a way general (Suharto, 2014) .

Economic development and growth economy refers to the increase Product Gross Domestic Product (GDP), which can interpreted as a process that encourages improvement income per capita public in term long (Sukirno, 1985) . Products Gross Regional Domestic Product (GRDP) is the total of goods and services produced from all activity economy in a region. PDRB is used For describe or evaluate level development economy, as well as become reference in evaluation and planning regional development.

Product Gross Regional Domestic Product (GRDP) is mark plus from goods and services produced by various production units in a region or country in period time certain. Central Bureau of Statistics (2016) explain that PDRB includes nine sector main, namely : Agriculture, animal husbandry, forestry, and fisheries ; Mining and excavation ; Industry processing ; Electricity, gas, and clean water ; Construction ; Trade, hotels, and restaurants ; Transportation and communication ; Finance, real estate, and services company ; and sector services, including service government.

Product Gross Regional Domestic Product (GRDP) is divided into two types, namely GRDP above base price constant and GRDP above base price applies. GRDP above base price constant used For measure growth economy real from year to year, without affected by change price. While that, the GRDP above base price applicable used For evaluate capacity source Power economy, change structure economy, and shift economy an area that is influenced by the prices prevailing at that time the (Bank Indonesia, 2011) .

Table 1 GRDP of All Indonesian Provinces 2020-2022

Province	Growth at Constant Prices 2010		
	2020	2021	2022
Aceh	-0.37	2.79	4.21
North Sumatra	-1.07	2.61	4.73

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Province	Growth at Constant Prices 2010		
	2020	2021	2022
West Sumatra	-1.61	3.29	4.36
Riau	-1.13	3.36	4.55
Jambi	-0.51	3.69	5.13
South Sumatra	-0.11	3.58	5.23
Bengkulu	-0.02	3.27	4.31
Lampung	-1.66	2.77	4.28
Bangka Belitung Islands	-2.29	5.05	4.40
Riau Islands	-3.80	3.43	5.09
Jakarta	-2.39	3.56	5.25
West Java	-2.52	3.74	5.45
Central Java	-2.65	3.33	5.31
In Yogyakarta	-2.67	5.58	5.15
East Java	-2.33	3.56	5.34
Banten	-3.39	4.49	5.03
Bali	-9.34	-2.46	4.84
West Nusa Tenggara	-0.62	2.30	6.95
East Nusa Tenggara	-0.84	2.52	3.05
West Kalimantan	-1.82	4.80	5.07
Central Kalimantan	-1.41	3.59	6.45
South Kalimantan	-1.82	3.48	5.11
East Kalimantan	-2.90	2.55	4.48
North Kalimantan	-1.09	3.98	5.34
North Sulawesi	-0.99	4.16	5.42
Central Sulawesi	4.86	11.70	15.17
South Sulawesi	-0.71	4.64	5.09
Southeast Sulawesi	-0.65	4.10	5.53
Gorontalo	-0.02	2.41	4.04
West Sulawesi	-2.34	2.57	2.30
Maluku	-0.91	3.05	5.11
North Maluku	5.39	16.79	22.94
West Papua	-0.76	-0.51	2.01

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Province	Growth at Constant Prices 2010		
	2020	2021	2022
Papua	2.39	15.16	8.97
Indonesia	-2.07	3.70	5.31

Source : Central Bureau of Statistics, 2023

Based on Gross Regional Domestic Product (GRDP) Growth Rate data, Lampung Province recorded an average growth of 4.28% in 2022, which is lower than the average national GDP growth of 5.31%. In Sumatra, South Sumatra Province recorded the highest growth with an average of 5.23%, followed by Jambi Province with an average of 5.13%. Meanwhile, Aceh Province had the lowest growth rate in Sumatra with an average of 4.21%. Seeing these figures, the government needs to make more efforts in managing finances and allocating spending for economic activities that can accelerate GRDP growth (BPS, 2022) .

Based on the data above, researchers chose Lampung province as the object of research because the province's gross domestic product (GDP) growth rate will reach an average of 4.28% in 2022, lower than the average growth. national country. GDP of 5.31%. This phenomenon is a reference for researchers to find the cause of the decline in GDP growth in Lampung Province.

Nominal and real are two terms that can measure economic growth. In nominal measurement, it is seen from the value of production that increases over time, as well as prices, goods, services, and production volume. While for real measurement, it is seen from the volume of production without looking at price changes. The real economy shows the amount of production of a country over time compared to other periods.

The economic growth of a country is influenced by many factors, including the country's territory, workforce participation, such as the Human Development Index (HDI) and Poverty Rate. One of the important things to encourage economic change is to increase expectations for the business sector and generally to be more beneficial (Central Statistics Agency, 2020; Ministry of Cooperatives and SMEs, 2023). Micro, Small and Medium Enterprises (MSMEs) provide one form of hope that can be given to the business sector and mostly to enhance their creativity (Todaro, 2006). Apart from that, People's Business Credit (KUR) can also address changes in the economy of a region, because this list hopes to increase access to the MSME disadvantaged areas.

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MSMEs are an important sector in the country's economy. They contribute significantly to economic growth by creating jobs, increasing people's incomes and increasing national competitiveness. The creation of MSMEs can also help reduce social disparities and increase financial inclusion (Zudhianshah & Gupita Dewi, 2023).

According to Gherghina *et. al.* (2020), MSMEs are the main drivers of economic development, being important for most economies around the world, especially in developing and emerging countries. MSMEs have influence big to amount state revenue. Some types of SMEs become source foreign exchange. In other words, SMEs have become an investment for the country, especially SMEs in the fields of agriculture and crafts. The agricultural sector in Indonesia has become one of the major commodities for domestic needs and even as an export commodity for Indonesia. No different from Indonesian craft production, craft production in several regions in Indonesia is not only selling well in the domestic market, but has been able to penetrate the world market, especially countries in Asia (Kemenko RI, 2021) .

Based on data from the Cooperatives and UMKM Office of Lampung Province, the number of UMKM in Lampung Province in 2017 to 2018 saw an increase in the number of UMKM in each district/city. This shows that UMKM in Lampung Province continues to grow and is in demand. The rapid development of UMKM requires the government to be more serious in encouraging the growth of UMKM, because it is an important sector of the country's economic development and can reduce poverty rates, and increase the average income of Lampung residents by 22% (www.lampung.co, 2020). The following is a list of the number of UMKM data in Lampung Province.

Micro, Small and Medium Enterprises (MSMEs) have role important in speed up growth economy a country (Zudhianshah & Gupita Dewi, 2023; Kusuma, 2022). MSMEs can influential in a number of ways that contribute to growth sustainable economy. MSMEs play a role in creation field Work. On a larger scale small and more near with public local, UMKM is able absorb power Work local with give opportunity work for resident local (Bank Indonesia, 2022). With increasing amount field available work, resistance can minus, income public increased, and the level poverty can reduced (Bank Indonesia, 2022).

MSMEs can also increase income society. With open opportunity for individual For involved in activity economy through various form business like cooperative, company small, or business independent, UMKM can increase income individual and home stairs. This is push more consumption high and pushing growth sustainable economy (Mulyadi, A., & Pratama, A, 2022). In addition, MSMEs also contribute to increasing Power

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competition national. In a wider scope flexible and innovative, SMEs are able to adapt with fast to market changes and trends economy. With promote creativity, innovation and diversity products and services, MSMEs can help increase Power competition national and facing challenge global economy (Kotecha *et al,* 2022). In addition, MSMEs also play a role in reduce inequality social and improve inclusion finance. They give opportunity to groups marginalized and vulnerable in public For involved in activity economy. With expand access capital, training, and resources Power others, UMKM can to deceive those who previously marginalized and improve inclusion finance in society (Zudhianshah & Gupita Dewi, 2023).

Besides being useful for growth economy, without It is realized that SMEs are also capable reduce number unemployment in society. at the same time increase level welfare society. Because, many SMEs are established capable employ millions power work. UMKM in Lampung Province always depicted as sectors that have role important in development economy, because part Conditions like this This cause competition become tight. The more the amount public with similar skills so that work difficult obtained Because availability source Power man exceed amount field existing jobs (Partomo & Soejodono, 2014) .

Contribution power Work be one of component product will give impact to regional income. The main contribution from power Work No in term quantity but quality. If the quality power Work more Good then the output will be increased. Labor nature heterogeneous in matter age, type sex, energy work, health, education and knowledge special. Therefore that, is needed a planning source Power human resources plan for support development Indonesian national. (Indriani, 2016).

Part of force Work is population. Population is means main in effort improvement production and can develop activity economy. Growth resident is changes that cause increase or decrease amount population. Tendency population is greatly influenced by the number birth and number death that reduces amount population in an area. (Sari & Susanti, 2018).

Labor is the capital to turn the wheels of development. Along with the progress of demographic processes, numbers and composition force Work will Keep going changed. Improvement growth economy must Keep going supported with availability power Work Good skilled or unskilled, and development field work is also supported by efforts improvement quality (Mirah et al, 2020). One of the indicators used in employment is the Labor Force Participation Rate (TPAK). According to Simajuntak (quoted) in Mala et al, 2018) level participation force work (TPAK) a indicator employment that conveys

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illustration regarding active population in a way economy in activity daily refers to the period certain. The more big amount residents who are classified as No force work, will result in the more low Labor Force Participation Rate. The following This can be seen in Table 5 which contains the Labor Force Participation Rate (TPAK) in the Regency /City area of Lampung Province from 2017 to 2021.

According to Sollow -Swan quoted in study Octaviany, (2016) Combination between amount of capital and manpower work used will produce different output levels and levels different efficiencies. In other words, in a combination certain between amount of capital and manpower work used will produce optimal and more output efficient compared to with combination other so that with small input capable produce optimal output, and can push growth economy towards the positive. From the explanation combination the above, can concluded that according to Sollow –Swan, capital and rates participation force Work own sufficient role important in increase growth economy. In addition can it was also concluded that TPAK is one of the factor affecting the magnitude of an output activity economy, so that the more Lots productive society, then will produces high output which also affects GRDP. Likewise with income per capita. Increasing TPAK of a area, meaning income also increases per capita and level consumption that affects growth regional economy.

From the theory of Adam Smith (Dome, 1994) and also Simon Kuznets (1973) it can be explained that There is factor important in growth economy, namely lies in the increasing amount population and also the increase productivity society. According to they, if happen increase population and productivity public so growth economy will happen Because If there is growth resident so will cause increase in output or results. The workforce here is assumed to be all genders, both women and men. The productivity generated by both women and men produces output. Previous research also supports that the female workforce has an important role in economic growth. This conclusion can be said so considering that if we look at the supporting theory in the classical theory, the level of economic growth is influenced by several things, one of which is the increase in the workforce.

The Lampung Provincial Government is trying to increase access to financing sources, including by providing credit guarantees for MSMEs through People's Business Credit. On November 5, 2007, the president launched people's business credit, with credit guarantee facilities from the Government through PT Askrindo and Perum Jamkrindo. Central Java is one of the provinces that utilizes people's business credit access for additional capital. The implementing banks that distribute KUR in Lampung Province are

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Bank BRI, Bank Mandiri, Bank BNI, Bank BTN, Bank Syariah Mandiri, and Bank Bukopin and Bank Jateng.

Giving People's Business Credit has an impact positive to development of MSMEs. When loans Their People's Business Credit get increase so level the income they earn get also increased. This is is results from research entitled Influence giving credit people's efforts towards income long field community Subdistrict Three Villages of the Regency Pasaman. Research the use variable income community and the provision of KUR (Roza Gustika, 2016).

Giving People's Business Credit is a credit program aimed at For support SMEs with give access more finances easy through ethnic group flower low and higher requirements flexible (Bank Indonesia, 2019). Growth sustainable economy is highly dependent on the contribution of MSMEs as the mover main economy (Ministry of Cooperatives and SMEs, 2022). KUR has potential For give impact positive to growth UMKM economy through a number of mechanism. First, KUR allows MSMEs to get access more finances easy. With existence access adequate finances, MSMEs can increase business capital, expand production, develop products and services new, and increase Power competitive (Wulandari & Basuki, 2017). Second, through the KUR program, MSMEs can to obtain support in form education and training For increase skills and knowledge businessman as well as employees. This is can increase productivity of MSMEs, so that they capable produce goods and services with better quality good, more efficiency high, and more innovation big (Ghozali, 2018).

Looking at the research previously Still There is absence consistency results study so will done study back to MSMEs in Lampung Province. Research This is development from research conducted by Rizka Aulia (2021) with add variable people's business credit. Based on the background that the author studied, the author interested For do study with title : " The Influence of Growth MSMEs, Labor Force Participation Rate, and Ratio to P DRB Lampung Province Period 2017-2021 ".

RESEARCH METHODOLOGY

Types of research This is study descriptive and causal with approach quantitative. Research descriptive aiming For make description in a way systematic, factual and accurate about facts, and characteristics population area certain that started with collect data, analyze data and interpret it. Research causality is research that explains connection between variable Where change a variable cause change variable other without There is possibility consequence the opposite. The research approach is

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quantitative. The quantitative approach aims to reduce data into numbers. This study uses a lot of numbers, starting from data collection, data interpretation of the data, and the appearance of the results (Sugiyono, 2019) . The scope of this study is to analyze the influence of the number of MSMEs, and the Level of Labor Force Participation and People's Business Credit on the GRDP of Regency/City in Lampung Province, which will later see the contribution of independent variables influencing the dependent variable both together (simultaneously) and individually (partially) (Ghozali, 2018). This research was conducted in the Lampung Province area. According to Moleong (2014) the data analysis method is the process of organizing and sorting data into patterns, categories, and one basic description so that themes can be found and working hypotheses can be formulated, as suggested by the data. Activities in data analysis are grouping data based on variables and types of respondents, tabulating data based on variables from all respondents, presenting data from each variable studied, performing calculations to answer the problem formulation and performing calculations to test the hypotheses that have been proposed. Panel data analysis is used to determine the effect of MSME growth, labor force participation rate (TPAK), and People's Business Credit (KUR) on the Gross Regional Domestic Product (GRDP) of Lampung Province in the 2017-2021 period. Panel data combines elements across time and across individuals, so that they are able to capture the dynamics of variable relationships more comprehensively. In this analysis, there are three main approaches, namely the common effect model (CEM), the fixed effect model (FEM), and the random effect model (REM). The selection of the best model is carried out through the Chow test, the Hausman test, and the Lagrange Multiplier (LM) test. The best model is then used to estimate the relationship between the independent variables (MSME growth, TPAK, and KUR) and the dependent variable (GRDP) using statistical software. The results of the analysis include the overall model significance test (F test), the influence of each variable (t test), and the feasibility of the model (R^2 test), as well as ensuring that the model meets the classical assumptions. Interpretation of the results provides insight into the factors that significantly affect the PDRB of Lampung Province and can be the basis for making economic policies.

RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive statistics deals with the process of collecting, presenting, and summarizing various characteristics of data so that it can describe character samples used in this study. Descriptive analysis of the data taken for this study is from 2017 to

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2021, namely 15 district data from Lampung province. Description of variables in descriptive statistics used in this study include minimum value, value maximum, mean, and standard deviation from one dependent variable, namely GRDP and three independent variables, namely the number of MSMEs, TPAK, and KUR.

Table 2Descriptive Statistics

	GRDP	MSMEs	TPAK	KUR
Mean	25730443	6164.733	69.69 827	807.4267
Median	25709051	4243.000	68.69000	374.0000
Maximum	37387261	24403.00	83.48000	5693.000
Minimum	15117157	730.0000	59.72000	11.00000
Std. Dev.	6416521.	5522.649	4.456061	1138.499
Skewness	0.124917	1.493696	1.053685	2.421869
Kurtosis	1.899360	4.518608	4.592583	8.700772
Jarque -Bera	3.980700	35.09589	21.80416	174.8769
Probability	0.136648	0.000000	0.000018	0.000000
Sum	1.93E+09	462355.0	5227.370	60557.00
Sum Sq. Dev.	3.05E+15	2.26E+09	1469.379	95917374
Observations	75	75	75	75

Source: Data Processing Results Using Eviews 10, 2023.

1. GRDP

   Based on the results of the descriptive statistics, it can be shown that the dependent variable (Y), namely GRDP, has a maximum value of IDR 37,387,261 (million rupiah) owned by Bandar Lampung Province in 2019. While the minimum value of IDR 15,117,157 (million rupiah) is owned by West Lampung Province in 2017. GRDP has an average value (mean) of IDR 25,730,443 (million rupiah) per year, this shows that the turnover of GRDP Lampung Province per year is IDR 25,730,443 (million rupiah) and a standard deviation value of IDR 6,416,521 (million rupiah).

2. MSMEs

   Based on the results of the descriptive statistics, it can be shown that the independent variable (X1), namely the number of MSMEs, has a maximum value of

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24,403 owned by Central Lampung Province in 2017. While the minimum value of 730 is owned by Pesisir Barat Province in 2018. The number of MSMEs has an average value (mean) of 6164.733 per year, this shows that Lampung Province has a growth in the number of MSMEs of 6164.733 per year and a standard deviation value of 5522.649 per year.

3. TPAK

   Based on the results of the descriptive statistics, it can be shown that the independent variable (X2), namely TPAK, has a maximum value of 83.48% owned by West Lampung Province in 2020. While the minimum value of 59.72% is owned by Tanggamus Province in 2020. TPAK has an average value (mean) of 69.69% per year, this shows that the level of workforce participation in Lampung Province per year is 69.69% and the standard deviation value is 4.45% per year.

4. KUR

   Based on the results of the descriptive statistics, it can be shown that the independent variable (X3), namely MSMEs utilizing KUR, has a maximum value of 5,693, namely Central Lampung Province in 2017, while MSMEs utilizing KUR have a minimum value of 11, namely West Coast in 2020. KUR has an average value (mean) of 807.4267 per year, this shows that Lampung Province has a number of MSMEs utilizing KUR of 807.4267 per year and a standard deviation value of 1138.499 per year.

Model Estimation Test

Before estimating panel data, it is necessary to select the best model that will be used to estimate the panel data. The selection of the model is through several tests. The test in question is the *Chow Test* which is used to select *Pooled Least Square* or *Fixed Effect. Hausman test* is used to select *Fixed Effect* or *Random Effect* while the LM Test is used to select between *Pooled Least Square* a tau *Random Effect.* The following are the results of the estimator selection that has been carried out:

***Chow* Test**

To find out which model is better in testing panel data, this can be done by adding dummy variables so that it can be seen that the intercepts are different and can be tested using the *Chow statistical test. Test.* This test is used to find out whether the panel data regression technique with the *fixed method effect* better than panel data model regression

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without dummy variables (*common effect*). In this test the significance value used is 5% (α = 0.05), with the following hypothesis:

Ho: Common Effect

Ha: Fixed Effect

Decision- making If mark probability F < critical limit, then Ho is rejected or chooses *fixed effect effect,* but If mark probability F > critical limit, then Ho is accepted or chooses *common effect.* The calculation results of the *Chow Test* are presented in the following table:

Table 3 *Chow* Test

Effects Test	Statistics	df.	Prob.
Cross-section F	131.121781	(14.57)	0.0000
Cross-section Chi- square	262.703325	14	0.0000

Source : Data Processing Results Using Eviews 10, 2023.

Based on the test results, a probability value of < 0.05 was obtained, so hypothesis 0 was rejected, that the estimation of the *Fixed Effect* regression model better than the *Common Effect regression model.* Based on the test, it shows that Probability *Cross-section Chi-square* value of 0.0000 < 0.05 so that hypothesis 0 is rejected, so it can be concluded that Fixed Effect Model is more precise than Common Model Effect Model.

***Hausman* test**

Hausman Test aims to compare between *Fixed Effect Model* and *Random Effect* Model. The results of testing using this test are: to find out whether panel data regression with the *Generalized Least Square method* (*random effect model*) is better than panel data regression with the *Least Square Dummy* Variable method (*fixed effect* model). The calculation results of the *Hausman* Test are presented in the following table.

Table 4 *Hausman* test

Test Summary	Chi- Sq. Statistic	Chi- Sq. df.	Prob.
Cross section random	3.189326	3	0.3633

Source : Data Processing Results Using Eviews 10, 2023.

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From the calculations that have been carried out, it can be seen that mark *Probability Cross-section random* shows a figure of 0.3633 which means significant with a significance level of 95% (α = 5%) and uses the *Chi-Square distribution* (Gujarati, 2012). So the decision taken in this *Hausman* Test is to accept H1 (P-value <0.05) with the hypothesis:

H0 : Random Effect Model
H1 : Fixed Effect Model

Based on the results of the *Hausman* Test, it can be concluded that *Random Effect Model* is more appropriate compared to *Fixed Effect Model.* With this, *Lagrange Multiplier* Test is needed.

***Lagrange Multiplier* Test**

Lagrange multiplier test is a test to determine which method is more appropriate to use between *common effect model* with *random effects models* with the following criteria:

1. If the value *Breusch -pagan cross section* ≥ 0.05 then H0 is accepted, so it is said that *the common effect* is the most appropriate model to use.
2. If the value *Breusch-pagan cross section* ≤ 0.05 then H0 is rejected, so *random effect* is said to be the most appropriate model to use.

The hypothesis used is as follows:
H_0 : *Common Effect Model* (CEM)
H_1 : *Random Effect Model* (REM)
Lagrange multiplier test are shown in the following table:

Table 5 *Lagrange Multiplier* Test

Null (no rand. effect)	Cross section	Period	Both
Alternative	One- sided	One- sided	
Breusch -Pagan	122.9433	0.600286	123.5436
	(0.0000)	(0.4385)	(0.0000)
Honda	11.08798	-0.774781	7.292532
	(0.0000)	(0.7808)	(0.0000)
King- Wu	11.08798	-0.774781	4.543631
	(0.0000)	(0.7808)	(0.0000)

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GHM	--	--	122.9433
	--	--	(0.0000)

Source : Data Processing Results Using Eviews 10, 2023.

Based on the results in table 10 from the *Lagrange multiplier* test, *the common effect model vs random effect model* above, it was obtained *Breusch-pagan cross section* < 0.05, namely 0.0000 < 0.05, then hypothesis H $_1$ is accepted and H $_0$ is rejected. which means that *the Random Effect Model* (REM) is more appropriate to use.

Data Regression Analysis Panel

In panel data regression, the random effect model has been determined, *so* the results of the *random effect model* are as follows:

Table 6 Results of Panel Data Regression Analysis of *Random Effect Model*

Variable	Coefficient	Std. Error	t- Statistics	Prob.
C	45119558	1525336.	29.58007	0.0000
MSMEs	162.7643	39.01615	4.171717	0.0001
TPAK	-300299.8	19875.62	-15.10895	0.0000
KUR	666.1446	88.12106	7.559425	0.0000

Source : Data Processing Results Using Eviews 10, 2023.

$$\boldsymbol{Y = 48786763 + 142.4129X_{1i} - 352981.0X_{2i} + 827.2016X_{3i}}$$

The explanation of the table above is as follows:

1. The constant 45119558 is the value of GRDP if all independent variables are zero.
2. Coefficient of Number of MSMEs as big as 162.7643 which means that if the UMKM variable increases by 1 unit with other variables considered constant (*ceteris paribus*), the GRDP value will increase by 162.7643 (million rupiah).
3. TPAK coefficient is -300299.8, which means that if the TPAK variable increases by 1 unit with other variables considered constant (*ceteris paribus*), the GRDP value decreases by -300299.8 (million rupiah).
4. KUR coefficient is 666.1446, which means that if the village fund variable increases by 1 unit with other variables considered constant (*ceteris paribus*), the GRDP value increases by 666.1446 (million rupiah).

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Partial Test (Test) t)

The t-test is used to test the effect of independent variables partially on dependent variables. This test is done by looking at the probability value with the following criteria:

1. If the probability value < 0.05 then it is stated significant
2. If the probability value > 0.05 then it is declared no significant

Table 7 t-Test Results

Variable	Coefficient	Std. Error	t- Statistics	Prob.
C	45119558	1525336.	29.58007	0.0000
MSMEs	162.7643	39.01615	4.171717	0.0001
TPAK	-300299.8	19875.62	-15.10895	0.0000
KUR	666.1446	88.12106	7.559425	0.0000

Source : Data Processing Results Using Eviews 10, 2023.

The first hypothesis proposed in this study is to test how the number of MSMEs, TPAK, and KUR affect GRDP.

1. In table 7 the probability values The number of MSMEs s of 0.0001 is smaller than α 0.05 with a t- Statistic value of 4.171717. This means that MSMEs have a significant effect on PDRB, so it can be concluded that the results in the first hypothesis (H1) which states that MSMEs have a significant influence on GRDP is accepted.
2. In table 7, the probability value of TPAK of 0.0000 is smaller than α 0.05 with a t-statistic value of -15.10895. This means that TPAK does not have a significant effect on PDRB, so it can be concluded that the results in the second hypothesis (H2) which states that TPAK has a significant effect on GRDP is accepted.
3. In table 7 the probability values KUR of 0.0000 is smaller than α 0.05 with a t- Statistic value of 7.559425. This means that KUR does not have a significant effect on PDRB, so it can be concluded that the results in the third hypothesis (H3) which states that KUR has an effect on GRDP, it is accepted.

Coefficient of Determination (R2)

The coefficient of determination (R2) is used to determine the percentage of independent variables that can jointly explain the dependent variable. The value of the coefficient of determination is between zero and one.

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Table 8 Determination Coefficient Results

R- squared	0.850753	Mean dependent var	2101135.
Adjusted R- squared	0.844447	SD dependent var	935393.5
SE of regression	368920.8	Sum squared resid	9.66E+12
F- statistic	134.9076	Durbin-Watson stats	1.525670
Prob (F- statistic)	0.000000		

Source : Data Processing Results Using Eviews 10, 2023.

In table 8, the results *of Adjusted R- squared* are obtained. of 0.844447 or 84.44 %. This shows the ability of the independent variables, namely the number of MSMEs, TPAK, and KUR in explaining the variance of the dependent variable (PDRB) of 84.44 %. The remaining 15.56 % is explained by other variables not included in this study.

DISCUSSION

The number of MSMEs influences GRDP

In table 14, the probability value of the number of MSMEs of 0.0001 is smaller than α 0.05 with a t- Statistic value of 4.171717. This means that MSMEs have a significant effect on GRDP, so it can be concluded that the results of the first hypothesis (H1) which states that MSMEs have a significant effect on GRDP are accepted.

In the context of a country's economic growth, Micro, Small, and Medium Enterprises (MSMEs) have an important role in contributing to Gross Regional Domestic Product (GRDP). There are several mechanisms through which the MSME variable can have a positive effect on GRDP. First, MSMEs create significant employment. On a smaller scale and closer to the local community, MSMEs are able to absorb local labor by providing employment opportunities for local residents. With the increasing number of available jobs, unemployment can be reduced, community income increases, and poverty rates can be reduced. Increased individual income contributes to increased purchasing power, which in turn increases demand for local goods and services, drives economic sector growth, and has a positive impact on GRDP (Ismail et et al., 2020).

Second, MSMEs play a role in increasing people's income. By opening up opportunities for individuals to engage in economic activities through various forms of business such as cooperatives, small businesses, or independent businesses, MSMEs can increase individual and household income. This encourages higher consumption and

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encourages sustainable economic growth. The income generated by MSMEs also contributes to taxes and state revenues, which can ultimately be used to finance infrastructure development and government programs that support economic growth (Chowdhury et et al., 2019).

In addition, MSMEs also have the potential to increase exports and national competitiveness. In a more flexible and innovative scope, MSMEs are able to adapt quickly to market changes and economic trends. By promoting creativity, innovation, and diversity of products and services, MSMEs can help increase national competitiveness in global scale. MSMEs that are able to compete in the international market can increase country's exports and generate foreign exchange, which has a direct impact on GRDP (Ismail et al., 2020).

The results of this study are in line with previous research by Darwati Susilastuti (2020) the growth in the number of MSMEs had a very significant impact on increasing product exports during the pandemic. Covid 19

TPAK influences GRDP

In table 14, the probability value of TPAK of 0.0000 is smaller than α 0.05 with a t-statistic value of -15.10895. This means that TPAK does not have a significant effect on GRDP, so it can be concluded that the results of the second hypothesis (H2) which states that TPAK has a significant effect on GRDP are accepted.

According to Law Number 13 of 2003 concerning employment, the workforce is anyone who is able to do work to produce goods and/or services either to meet their own needs or those of the community. Sumarsono (2009) argues that the workforce is anyone who works. This means that anyone who does work for themselves or others without receiving wages or those who are able to work. Discussion of the problem of labor absorption must be preceded by an understanding of several underlying concepts.

The Labor Force Participation Rate (LFPR) is the percentage of the workforce to the population aged ten years and over. The labor *force* participation rate is the proportion of the workforce to the working age population. The workforce consists of individuals who are currently working and those who are not yet working but actively seeking employment. Meanwhile, the definition of the working age population includes individuals aged between 15 and 64 years (Su, 2015).

Economic growth is a process of increasing the ability of a region to produce goods and services. This increase in production will increase the need for labor input, thereby expanding the absorption of employment opportunities. According to Ruliansyah (2012),

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the increasing amount of GRDP illustrates increasing economic growth. Increasing economic growth reflects the growth in the number of projects and the number of workforce needs, so that there will be more and more labor absorbed by the market that provides a positive response to economic growth (Cristescu et al., 2014). GRDP is one of the macroeconomic indicators where from the total increase and decrease in GRDP, economic growth, economic structure and per capita income of a country can be known. region. The increase in per capita income in this case can mean an increase in the number of workforce absorption. Datrini (2009) and Walterskirchen (2013) stated that the workforce factor is an important factor in relation to the increase in a country's Gross Domestic Product (GDP) and a region's Gross Regional Domestic Product (GRDP). According to them, the rate of investment growth will determine workforce growth, and then workforce growth determines the amount of output growth.

The results of this study are in line with previous research, namely Neni Rohmatul Jannah, Prasetyo Ari Bowo (2017) the number of workers influences the manufacturing industry sector in GRDP in Central Java.

KUR has an impact on GRDP

In table 14, the probability value of KUR of 0.0000 is smaller than α 0.05 with a t-Statistic value of 7.559425. This means that KUR does not have a significant effect on GRDP, so it can be concluded that the results of the third hypothesis (H3) which states that KUR has an effect on GRDP are accepted.

This conclusion illustrates the importance of the KUR program in supporting regional economic growth. As one of the government policy instruments, KUR functions to increase access to financing for MSMEs. The effectiveness of KUR in driving GRDP can be optimized through proper management, such as increasing the allocation of KUR funds to productive sectors that have multipliers. high effect on the local economy.

The results of this study are in line with previous research conducted by Neni Rohmatul Jannah, Prasetyo Ari Bowo (2017) regarding the influence of MSME credit on GRDP, where the results explain that increasing credit for MSMEs will resulting in an increase in economic growth in Central Java province.

CONCLUSION AND SUGGESTIONS

Conclusion

Based on the description and discussion that has been presented in the previous chapters, several main points can be drawn as conclusions in this writing, namely:

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1. Micro, Small and Medium Enterprises (MSMEs) has a positive and significant effect on Gross Regional Domestic Product in Lampung Province in 2017-2021.
2. The Labor Force Participation Rate has a positive and significant effect on Gross Regional Domestic Product in Lampung Province in 2017-2021.
3. People's Business Credit has a positive and significant impact on Gross Regional Domestic Product in Lampung Province in 2017-2021.

Suggestion

From the results of the description and discussion that have been presented, there are several main suggestions that can be considered, as follows:

1. The number of MSMEs and the number of workers have a positive influence on the manufacturing industry sector in the PDRB of Lampung province. So that the contribution of the manufacturing industry sector to the PDRB increases, it is necessary to increase the number of MSMEs and increase the number of workers so that the productivity of MSMEs increases.
2. The People's Business Credit Program (KUR) is one of the government's programs to increase access to financing for Micro, Small, and Medium Enterprises (MSMEs) which is channeled through financial institutions with a guarantee pattern. The KUR program is intended to strengthen the ability of business capital in order to implement policies to accelerate the development of the real sector and empower MSMEs. So the government should be able to provide counseling to the community so that they know the benefits and uses of KUR.
3. This study only uses three variables, namely MSMEs, the number of workers and people's business credit in PDRB. It is expected that further research can increase the number of variables and use all sectors of PDRB.

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