ANALYSIS OF THE ROLE OF UMKM IN INCREASING COMMUNITY INCOME IN BINJAI CITY

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Abstract: MSMEs have a very important role in national and regional economic development. The big opportunities that the MSME sector has are said to be very large and MSMEs are able to survive the crisis. The lack of attention that MSMEs receive in Indonesia has brought down many large businesses, but the majority of MSMEs continue to survive, in fact their numbers are increasing very rapidly. MSMEs are also the backbone of the people's economy which is able to eradicate poverty and absorb labor. MSMEs also create jobs faster than other business sectors, and MSMEs also make an important contribution to exports and trade. . The aim of this research is to determine and analyze the role of MSMEs in increasing income and economic growth in Binjai City . The type of data in this research is quantitative data with secondary data sources. The data collection technique used is observation and descriptive analysis techniques. The results of this research are that currently the total number of MSMEs in Binjai City is 20,852 MSMEs. MSMEs have the potential for a strong economic base because the number of MSMEs is very large and the labor absorption capacity is very large. Binjai City MSMEs have not been able to increase the regional income of Binjai City, because community income as seen from public expenditure per capita is still low

Keywords: MSMEs, Income

Introduction

Economic growth is the process of increasing output over time, becoming an important indicator for measuring the success of a country's development. Gross Domestic Product (GDP) is an indicator of a country's success in achieving better development, where if the country's Gross Domestic Product experiences a significant increase every year then it can be said that the wheels of that country's development are very good because the Gross Domestic Product reflected is a figure that able to improve the standard of living of society at large.

Based on data from the Central Statistics Agency (BPS), the Indonesian economy based on the size of Gross Domestic Product (GDP) at current prices in the second quarter of 2023 reached IDR 5,226.7 trillion and at constant prices in 2010 it reached IDR 3,075.7 trillion. The Indonesian economy in the second quarter of 2023 experienced growth of 3.86 percent (q-to-q) compared to the previous quarter. In terms of production, the highest growth occurred in the Government Administration, Defense and Mandatory Social Security Business Field at 15.80 percent. In terms of expenditure, the Government Consumption Expenditure Component (PK-P) experienced the highest growth of 41.30 percent.

MSMEs have a very important role in national and regional economic development. The big opportunities that the MSME sector has are said to be very large and MSMEs are able to survive the crisis. MSMEs also create jobs faster than other business sectors, and MSMEs also make an important contribution to exports and trade. MSMEs play a role in

distributing development results. Another important role is that MSMEs encourage the emergence of new entrepreneurs. Entrepreneurship has two functions in a country's economy, namely macro and micro functions. In its macro role, entrepreneurship functions as a driver, controller and driver of a nation's economy.
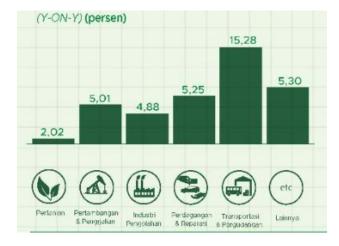

Figure 1. Indonesia's GDP Growth According to Business Fields
Source: BPS (2023)

From data from the Central Statistics Agency (BPS), it can be seen that based on business field, GDP growth in the agricultural sector was 2.02%, then in the mining sector it was 5.01%, in the industrial and processing sector it was 4.88%, in the trade and repair sector amounting to 5.25%, in the transportation and warehousing sector amounting to 15.28% and others amounting to 5.30%. In this case, the business sector is still dominated by the transportation and warehousing sectors.

In North Sumatra, the development of the number of MSMEs is quite good, this can make a quite good contribution to economic growth in North Sumatra. Regarding the development of competitive MSMEs, community and entrepreneurship training programs, entrepreneurial internships, business incubators have been developed as well as increased financing support by the Government through the Revolving Fund Management Institution for Cooperatives and Micro, Small and Medium Enterprises (LPDB-KUMKM) and People's Business Credit (KUR). The GDP data for MSMEs in North Sumatra can be seen in the following table:

Table 1. GRDP at Basic Prices by Type of Business in North Sumatra (in Billions)

Type of business	2020	2021	2022
Agriculture, forestry and fisheries	37,900	37,768	39,018
Mining and excavation	10,485	10,386	10,832
Processing industry	6,059	6,212	6,472
Construction	13,900	13,837	13,511
Wholesale and Retail Trade,	19,238	20,051	23,327

Repairs			
Transportation and Warehousing	7,057	8,433	9,044
Accommodation and Food and Drink	1,649	1,550	2,052
Financial Services	2,356	2,236	2,104
Real Estate	5,446	5,667	5,892
Other Services	1,914	1,957	2,223

Source: BPS (2023)

Based on the table above, it can be seen that the type of business that has the highest GRDP in North Sumatra is dominated by the Agriculture, Forestry and Fisheries sectors, followed by the Wholesale and Retail Trade, Repairs, and the lowest GRDP in North Sumatra is in the Accommodation, Food and Drink and Reparations.

The city of Binjai itself experienced development because it was part of the vast territory of the Langkat Sultanate. Currently the total number of MSMEs is 20,852 MSMEs. MSMEs have the potential for a strong economic base because the number of MSMEs is very large and the labor absorption capacity is very large. (Binjai Cooperatives and SMEs Department, 2022).

Based on the data above, the following problem identification can be found:

1. The business sector in Indonesia is still dominated by the transportation and warehousing sectors
2. From the production side, economic growth is controlled by the Government Administration, Defense and Mandatory Social Security Business Fields
3. The development of the number of MSMEs is quite good, this can make a quite good contribution to economic growth in North Sumatra
4. The development of the number of MSMEs in Binjai City is very large, and MSMEs have the potential for a strong economic base because the number of MSMEs is very large and the labor absorption capacity is very large .

LITERATURE REVIEW
Economic growth

One indicator of the success of economic growth can be seen from rate of economic growth. High economic growth must be balanced by distribution income And distribution results development in a way flat. Growth economy is something size Quantitative Which describe development something economy in something year certain if compared to with year actually (Sukirno, 2017) .

Classical Economic Growth Theory
Growth Theory According to Adam Smith

Adam Smith is the most prominent classical economist. The book which is very famous entitled "An Inquiry into The Nature And Causes of The Wealth of Nations" was published in 1776. He believed in the validity of "legal doctrine nature" in economic matters. He assumes everyone knows best its interests Alone so that should every person released For chase its interests sake profit Alone. He adherent understand trading free And advocate policy market free. Market competition perfect is mechanism creator balance automatic Which will creating maximization of economic welfare. According to him there are three elements principal production system, these elements are

1. Source Power natural Which available
2. Total population

3. Stock of goods capital

Growth Theory According to Solow-Swan

This theory views that the economy will continue to experience levels full employment and capital equipment capacity will remain fully used all the time. Sources of growth can be distinguished is growth caused by capital, labor, and change in productivity. Difference in productivity This explain exists difference growth between country, whereas Which influence productivity is technology. Assuming a savings rate and a given population growth rate, the Solow-Swan growth model can produce what level of per capita income a country has.

Growth Theory According to Harrod-Domar

Assumption Which used by Harrod–Domar in theory growtheconomy determined by some the following things.

a)   Stage beginning economy has reach level full employment.

b)   Economy consists on sector House ladder (consumer) And sector company (manufacturer)

c)   Function savings started from point zero, so that big savings proportional with income.

d)   Desire save limit (Marginal Propencity to Save) big still.

So that according to Harrod – Domar growth economy Which firm will reach capacity full (full capacity) in period long.

Growth Theory According to Schumpeter

Theory Schumpeter emphasize about importance role businessman in create growth economy And para businessman is group Which will continously make update or innovation in economy. This aims to increase economic growth if para businessman continously stage innovation And capable procurement combination new on the investment or process the production.

Neo Classical Economic Theory

Neo-classical economic growth theory began to develop in the 1950s. an. Theory This developed with base analysis about growth economics in the views of classical economic figures. One of them is:

According to Keynes

Keynes's theory of inflation is based on his macro theory. This theory highlights another aspect of inflation. According to this theory, inflation occurs because of something public want to life in outside limit ability economics.process inflation According to this view, it is nothing more than a process of fighting over a share of fortune between people social groups that want a greater share of Which Can provided by public the.process struggle This Finally translated become circumstances Where request public will goods always exceed the number of goods available (what arises). called with inflationary gaps).

National Income

National Income is the amount of income received by production factors used to produce goods and services in a certain year (Nainggolan, 2020) . Financially, national income is the value of goods and services produced by people in a country, in certain period of time, this principle represents the concept of Gross Domestic Product (GDP) or Gross domestic Products (GDP) And Product National Gross (PNB) or Gross National Products (GNP). There is 3 (three) method calculation Which Can used For knowing the amount or value of national income, namely the calculation method income national with approach production (Production approach), approach expenditure (Expenditure approach), And approach income (Income Approach).

MSME theory

The definition of MSMEs (Micro, Small and Medium Enterprises) according to Law Number 20 of 2008 concerning MSMEs (Small Medium and Micro Enterprises) is: Productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as regulated in this Law .

Method

This research method contains steps for conducting research and theories that are quite relevant to the problem being analyzed.

This research aims to describe the comparison of community income from the development of MSMEs in Binjai City using qualitative data. Qualitative data is data related to categorization (grouping), which shows quality and not specific numbers or quantitative values.

The data collection techniques used by researchers are:

a) Documentation study, namely a data collection technique carried out by collecting taxation for the purposes of research discussion.
b) Distributing questionnaires, namely carrying out two-way direct communication with sources, in this case MSME taxpayers in Binjai City.

Source data from this research uses primary data and secondary. Data primary that is data Which obtained with do study direct in the form of distributing direct interview questionnaires. Meanwhile secondary data is data Which has collected by institution collector data And published to the data user community. In this case, data is obtained the various literature- literature like agency or Binjai cooperative and UMKM service.

Result and Discussion

The role of MSMEs in the economy in Indonesia. MSMEs are an important part of the country's economy because they have made a major contribution to boosting the economy, including their contribution in opening up new job opportunities as a driver of economic growth and as a source of innovation. The existence and role of MSMEs must be maintained and maintained in continuity in forming a strong economy. However, many MSME developments are still limited by capital, so there is a need for financing to support this development.

Binjai is the capital of Langkat Regency which was later moved to Stabat. Binjai borders directly with Langkat Regency to the West and North and Deli Serdang Regency to the East and South. The city of Binjai itself experienced development because it was part of the vast territory of the Langkat Sultanate. Currently the total number of MSMEs is 20,852 MSMEs. MSMEs have the potential for a strong economic base because the number of MSMEs is very large and the labor absorption capacity is very large. (Binjai Cooperatives and SMEs Department, 2022).

MSME development is an effort carried out by local governments, the business world and the community in order to empower Micro, Small and Medium Enterprises through providing mentoring guidance facilities and strengthening assistance to grow and improve the capabilities and competitiveness of Micro, Small and Medium Enterprises. The development of MSMEs is carried out by the Binjai City Government as a unit in an effort to improve the regional economy and to improve community welfare.

The MSME development strategies that have been carried out in Binjai City include:

1. There is an e-warung program from the Binjai City Cooperatives and MSMEs Department to support the marketing of MSME products in Binjai City.
2. There is a mentoring program for MSME business actors in Binjai City every year in the form of training and assistance for equipment and capital.

MSME activities contribute to providing employment opportunities and play an important role in the economy of Binjai City. The number of businesses in Binjai City in 2016 amounted to 20,852 companies or around 2.23% of the total businesses in North Sumatra Province. When compared to the number of businesses in 2006 (around 23,400 business units), the number of businesses increased by 12.39%.

The data for MSMEs in Binjai City in 2022 is as follows:

Table 2. Number of MSMEs in Binjai City

No	Scale enterprises	Amount
1	Micro	23,639
2	Small	2,269
3	Intermediate	345
4	Big	24
Amount		26,277

Source: Binjai Diskop (2023)

Based on the results of the 2021 Economic Census, the number of micro and small businesses (UMK) in Binjai City reached 25,908 business units and medium and large businesses (UMB) reached 369 business units.

Income can be described as the total receipts received by workers, laborers or households, both physical and non-physical while they are doing work for an agency company or income while they are working or doing business.

The level of welfare of households/population in an area can be seen from their income level. Meanwhile, the income level of households/residents in the area can be measured using 2 (two) ways, namely:

1. Income Approach

The income level of the household/population is seen from the development of the Gross Regional Domestic Income (GRDP) of a region. The development of GRDP sometimes does not reflect the actual development of the household income level of the population in a region.

2. Expenditure Approach

Expenditures are obtained from the results of the National Socio-Economic Survey (SUSENAS) conducted in a region. In this research, the development of household/population income levels will be discussed using an expenditure approach, namely by examining Susenas data. The income of the Binjai community based on the level of community expenditure per capita is described in the following table:

Table 3. Binjai Community Expenditure Level per capita
(Thousand Rupiah)

City District	Human Development Index (New Method)		
	2020	**2021**	**2022**
Binjai	75.89	76.01	76.95

Source: BPS (2023)

From the table above, it can be seen that the average household expenditure in Binjai City from 2020-2022 has increased from year to year, in 2020 the average daily expenditure of the Binjai community reached 75,090, then in 2021 it was 76,010 , and in 2022 it will be 76,950, this shows increasing public expenditure due to increasing community needs and income.

Table 4. Percentage of Population and Percentage of Expenditure per Capita According to Expenditure Group per Capita a Month in Binjai City, 2022

Golongan Pengeluaran per Kapita (Rp)	Persentase Penduduk	Persentase Penge-luaran per Kapita
(1)	(2)	(3)
< 200.000	0,00	0,00
200.000 - 299.999	0,00	0,00
300.000 - 499.999	6,48	2,56
500.000 - 749.999	25,61	14,26
750.000 - 999.999	22,77	17,54
1.000.000 - 1.249.999	15,28	15,17
1.250.000 - 1.499.999	9,41	11,36
> 1.500.000	20,45	39,11
Jumlah	**100,00**	**100,00**

Source: National Socioeconomic Survey, 2022

Based on the results of the 2022 Susenas, the data has not yet been published, so we still use figures for 2021, so according to the 2021 Susenas results in (Table 4.1) the highest percentage of per capita expenditure in Binjai City is in the 500,000 - 749,999 rupiah expenditure group, namely 14.26 percent . Then followed by the expenditure group between 750,000 to 999,999 rupiah amounting to 17.54 percent, the expenditure group of more than 1,500,000 namely 39.11 percent, the expenditure group between 1,000,000 to 1,249,999 rupiah amounting to 15.17 percent, the expenditure group expenditure above the expenditure group between 1,250,000 to 1,499,999 rupiah is 11.36 percent, then, the expenditure group between 300,000 rupiah to 499,999 rupiah is around 2.56 percent. For the lowest expenditure group is the expenditure group between 200,000 to 299,999 and under 200,000 rupiah, namely 0.00 percent.

From the 2022 Susenas data, information was also obtained that around 25.61 percent of the population of Binjai City had per capita expenditure per month between 500,000 - 749,999 rupiah. Meanwhile, around 22.77 percent of the population of Binjai City has a per capita expenditure per month between 750,000 - 999,999 rupiah. This illustrates that the level of expenditure is dominated by residents who have moderate expenditure (ranging between 500,000 - 999,999 rupiah/capita/month).

Conclusion

Based on the results of the research conducted, the following conclusions can be drawn: Currently the total number of MSMEs in Binjai City is 20,852 MSMEs. MSMEs have

the potential for a strong economic base because the number of MSMEs is very large and the labor absorption capacity is very large and also Binjai City MSMEs have not been able to increase the regional income of Binjai City, because community income as seen from public expenditure per capita is still low.

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