

Analysis of the Impact of Productive Assistance for Micro Enterprises (BPUM) on Profits for MSMEs in Gianyar Regency

Sri Chandra Pawitri, I. Wayan Sukadana
Fakultas Ekonomi dan Bisnis
Universitas Udayana Denpasar, Bali

Abstract:- The COVID-19 pandemic has had a serious negative impact on economic performance, especially for MSMEs in Bali. The Ministry of Cooperatives and SMEs seeks to overcome these problems by issuing a business capital assistance policy in the Economic Recovery (PEN) program through Productive Assistance for Micro Enterprises (BPUM). This study aims to study the impact of the distribution of BPUM on MSMEs profits in Gianyar Regency. This study surveyed 110 MSME in Gianyar Regency in Bali, that received and did not receive BPUM insentive in 2020 and 2021. This study use instrumental variable to evaluate the effect of BPUM on MSME profit. The results of this study indicate that MSMEs that receive BPUM earn higher profits compared to MSMEs that do not receive BPUM. The BPUM program can be utilised by MSMEs to overcome capital difficulties and increase operating profits. This means that this program has helped MSMEs maintain their businesses and earn profits as a form of economic resilience during the COVID-19 pandemic.

Keywords:- Policy Impact Evaluation, BPUM, COVID-19, MSMEs, Gianyar.

I. INTRODUCTION

Indonesia mengalami guncangan ekonomi yaitu pandemi Indonesia is experiencing an economic shock, namely the COVID-19 pandemic which has implications for all aspects of people's lives, especially the economic sector. Based on publications issued by the Central Bureau of Statistics in the Official Statistical Gazette No. 85/11/Th. XXIII, 5 November 2020 stated data regarding Indonesia's Economic Growth in the second quarter of 2020. This then also affected one of the provinces in Indonesia, namely the Province of Bali which is one of the regions that contributed the highest income from the tourism sector which experienced quite a serious impact from the economic shock of COVID-19 on its economic growth. Even though Indonesia's economic growth tends to improve in the third quarter of 2020 by 5.05 percent compared to the second quarter of 2020, however, this growth was largely dominated by the island of Java with a GDP contribution of 58.75 percent. Meanwhile, economic growth conditions in other provinces such as Bali and Nusa Tenggara only contributed 2.94 percent to

Indonesia's GDP in 2020 (BPS, 2020). This shows that growth which tends to improve only applies to the island of Java but is not evenly distributed in other regions such as Bali and Nusa Tenggara. The weakening of the economy in Bali Province also had an impact on one of the districts, namely Gianyar, the regional economy because this district is known as an arts area and a tourism destination. The economic growth in Indonesia, Bali Province and Gianyar Regency can be explained as follows Meanwhile, economic growth conditions in other provinces such as Bali and Nusa Tenggara only contributed 2.94 percent to Indonesia's GDP in 2020 (BPS, 2020). This shows that growth which tends to improve only applies to the island of Java but is not evenly distributed in other regions such as Bali and Nusa Tenggara. The weakening of the economy in Bali Province also had an impact on one of the districts, namely Gianyar, the regional economy because this district is known as an arts area and a tourism destination. The economic growth in Indonesia, Bali Province and Gianyar Regency can be explained as follows This shows that growth which tends to improve only applies to the island of Java but is not evenly distributed in other regions such as Bali and Nusa Tenggara. The weakening of the economy in Bali Province also had an impact on one of the districts, namely Gianyar, the regional economy because this district is known as an arts area and a tourism destination. The economic growth in Indonesia, Bali Province and Gianyar Regency can be explained as follows.

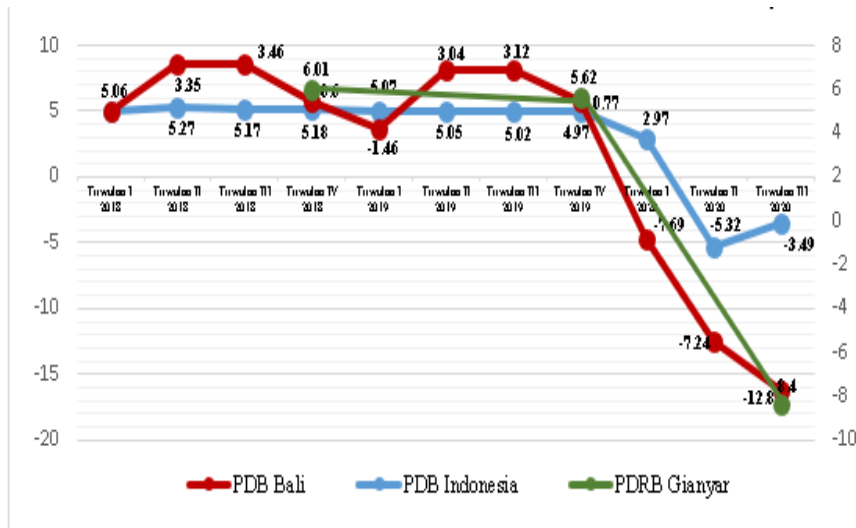


Fig. 1: Growth of Indonesia, Bali and Gianyar Regency in 2018-2020

The Indonesian economy in the second quarter of 2020 nationally was declared negative or experienced a contraction with economic growth of -5.32 percent, while in the first quarter of 2020 it was stated that it experienced economic growth which only grew by 2.97 percent, and in the same period in 2019 experienced a growth of 5.07 percent (yoy) (Central Statistics Agency, 2020). There was a weakening of economic performance in Indonesia which not only had an impact on the formal sector, but also had an impact on the informal sector, especially Micro, Small and Medium Enterprises (MSMEs). This economic growth was declared to have contracted due to the enactment of the Large-Scale Social Restrictions (PSBB) policy in order to suppress the spread of the COVID-19 pandemic which caused limited mobility of people and goods.

The Province of Bali during three quarterly periods in 2020 experienced a negative decline in economic growth, especially in the third quarter of 2020 which recorded a decline (contraction or negative) by -12.28 percent compared to the previous year. Economic growth in the third quarter of 2020 comes from 6 categories of business fields, one of which is in Category G in the form of Wholesale and Retail Trade; Car and Motorcycle Repairs by -1.09 percent. This growth figure then states that Indonesia, especially the Province of Bali, needs to carry out the right strategy to immediately carry out recovery in the economic sector.

Gianyar Regency from 2018 to 2020 experienced a negative economic decline, especially in 2020 which experienced a contraction of -8.4 percent compared to the previous year of 5.62 percent (BPS, 2020). This decrease in growth occurred due to a decline in the overall economic sector in the Province of Bali which resulted in several districts with the highest income in the tourism sector.

One of the factors that can encourage Indonesia's economic growth in the midst of economic shocks is through the role of the government. The government has a role as a stabilizer to maintain a stable business climate for MSMEs by providing capital assistance (Amalia, 2018). Government assistance through capital has a positive and significant effect on the income of MSME actors (Wirawan et al., 2015).

The Ministry of Finance stated that the government was trying to revive the MSME sector from the economic crisis caused by COVID-19 by imposing strategic policies to overcome the economic shocks caused by Covid-19 through the Economic Recovery (PEN) program (Soleha, 2020).

One of the policies listed in the PEN is the Productive Presidential Assistance Program (Banpres) for Micro Enterprises which was launched on August 24 2020. Based on the Regulation of the Minister of Cooperatives, Small and Medium Enterprises of the Republic of Indonesia Number 6 of 2020 states that BPUM (Productive Assistance for Micro Enterprises) is one of the a type of Direct Cash Assistance (BLT) by the government in carrying out the PEN program to help revive MSMEs to survive during the economic shocks of the COVID-19 pandemic (KemenkopUKM, 2021). BPUM distribution is carried out by proposing agencies which include the Ministry of Cooperatives and SMEs, Cooperatives, ministries or institutions, banking (BNI, BRI, and other government accounts), as well as BUMN/BLU BPUM distribution.

The legal umbrella for the BPUM program is stated in the Regulation of the Minister of Cooperatives for Small and Medium Enterprises Number 6 of 2020 regarding general guidelines for distributing BPUM and BPUM Implementation Guidelines Number 98 of 2020. The two legal umbrella documents describe the form of assistance provided, criteria and general or specific BPUM requirements (SMEs & TNP2K, 2021). The criteria for MSMEs who are declared as recipients are Indonesian citizens who have a NIK by including proof of eKTP, have MSMEs by including proof of participation from the proposing agency in the form of a Business Certificate (SKU) and Business Identification Number (NIB), not bound by credit loans or other bank financing, and have accounts at commercial banks (Ministry of Finance, 2020).

The BPUM program distribution mechanism itself is carried out in several stages. First, make proposals and submit prospective BPUM recipients by submitting them directly or by the agencies/agencies that oversee the Cooperatives and MSMEs sector at the Regency/City level by attaching

documents that match the criteria for BPUM recipients. Second, to clean up data on prospective applicants by examining administrative data for conformity of NIK identity through the Indonesian Ministry of Cooperatives and SMEs and banking access history of proposers through the BUMN banking network. Finally, get distribution of BPUM funds by providing prior notification information to BPUM recipients from channeling institutions via text messages or phone calls. After that, BPUM recipients will be directed to visit the channeling institution with the eligibility criteria and sign an Absolute Accountability Letter (SPTJM). After following all the flow of the verification process, MSMEs will get funds channeled to their respective bank accounts (KemenkopUKM, 2021).

There has been a change in the implementation of the BPUM policy with the issuance of the Regulation of the Minister of Small and Medium Enterprises Cooperatives Number 02 of 2021 regarding changes to the Regulation of the Minister of Cooperatives of Small and Medium

Enterprises Number 6 of 2020 and also the Stages of BPUM Implementation Number 03 of 2021. This change is a difference in terms of BPUM distribution in 2020 and 2021 in terms of the amount of funds received by each MSME actor (Siahaan, 2022). In 2020, the distribution of BPUM has been disbursed to 12 million MSMEs with a budget of IDR 28.8 trillion with an amount of IDR 2.4 million for each MSME (SMEs & TNP2K, 2021). The Ministry of Cooperatives and SMEs in 2021 has also distributed a budget to 12.7 million recipients of MSME actors in the amount of IDR 15.24 trillion or realized 99.

Bali Province is a province that provides potential and contributes to its economic growth for Indonesia. The Province of Bali, with the growth and development of MSMEs, fulfills more demand for activities in the tourism sector both for processing domestic and export business products (Rudy & Masaru, 2013). The number of MSMEs in Bali Province in 2021 is 412,265 business units.

Table 1: Recapitulation of MSMEs in Bali Province by Regency/City for 2018 – 2021

No.	Regency/City	Number of MSME Business Units Per Year			
		2018	2019	2020	2021
1	Buleleng	31,563	34,552	30,253	34,374
2	Tabanan	38,980	41,459	42,744	43,715
3	Jembrana	10,525	27,654	24,346	46,277
4	Karangasem	38,989	39,589	40,468	57,456
5	Badung	16,899	19,688	19,261	22,647
6	Bangli	43,948	44,068	44,068	44,123
7	Gianyar	91511	75,412	75,482	75,542
8	Klungkung	9,712	11,761	14,584	35,792
9	Denpasar	30,840	31,826	32026	32,224
Amount		313,787	325,971	327,353	412,265

Data Dinas Koperasi dan UKM Provinsi Bali (2023)

Table 1 shows the distribution of MSME business units by district/city in Bali Province during 2018-2021 which has continued to increase. The number of MSME business units for four consecutive years has been in Gianyar Regency, namely 75,542 business units in 2021. In the area, Badung Regency is in the lowest position, followed by Denpasar City as the second lowest position. This data states that although the growth of MSMEs in Gianyar Regency itself continues to increase and is the highest, it tends to decrease in 2019 and does not show a significant increase among other regions until the end of 2021. The majority of people's livelihoods in Gianyar Regency are carving, painting and sculpture.

Developments in the distribution of BPUM UMKM in the Province of Bali have been very rapid, as can be seen from

the Report on the Work Visit of the Commission VI Recess of the DPR RI to the Province of Bali, which has distributed BPUM funds to 334,689 business actors. The data shows that the amount of BPUM disbursement for the Province of Bali has been realized as it should be with coordination from the Office of Cooperatives and SMEs in the Regency/City of each region. Where the highest amount of BPUM distribution was received by Gianyar Regency. Most of the micro-enterprises that have been proposed in Gianyar Regency consist of trade, craftsmen and animal husbandry. The Gianyar Regency Cooperatives and UKM Service said that the number of MSME actors was seen from the opportunities for business actors who received BPUMs who had completed the attached requirements and needed to accelerate economic recovery in the area.

Table 2: Recapitulation of the Number of BPUM Beneficiaries in Gianyar Regency

No.	BPUM distribution	Number of Recipients
1	Stage 1 (2020)	75,023
2	Stage 2 (2021)	42,302
Amount		117,325

Data from the Office of Cooperatives and UKM of Bali Province (2023)

In the last BPUM submission for Gianyar Regency in 2021, it was found that 40,047 MSMEs had passed verification, which had decreased by 50 percent from the

previous year. This also affects the chances of the number of MSMEs that should receive BPUM in that year, seen from the size of the number of business units in that year of 75,542

business units. BPUM submissions consisted of 7 sub-districts in Gianyar Regency, namely Sukawati District with the most business actors with 7,955 MSMEs, Tegallalang District with 7,018 MSMEs, Ubud District with 6,758 MSMEs, Gianyar District with 5,575 MSMEs, Blahbatuh District with 5,544 MSMEs, Tampaksiring District with 5,118 MSMEs, and Payangan District in last position with 2,079 MSMEs (Nusabali.com, 2021). However, based on the latest data that the author received through the Gianyar Regency Cooperative and UKM Service through a decree issued that a total of 117,325 MSME business actors had received BPUM Phase 1 and 2 assistance. The number of BPUM recipients in 2021 was further stated to have decreased by 56% from the previous year with a total of 42,302, which is different from the number of UMKM in that year which amounted to 75,542 business units. This data then becomes a question of what factors have caused a decrease in BPUM beneficiaries in Gianyar Regency in 2021. where this is different from the number of MSMEs in that year amounting

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The survey was conducted by the Ministry of Cooperatives and SMEs together with TNP2K in conducting monitoring related to the BPUM program with 1,261 MSME respondents in 12 selected provinces namely West Sumatra, Aceh, DKI Jakarta, Lampung, Central Java, West Java, Bali, East Java, East Nusa Tenggara, West Nusa Tenggara, South Sulawesi and South Kalimantan. Data collected using a combination of quantitative and qualitative methods, namely questionnaires and interviews from the list of BPUM distribution decrees throughout Indonesia up to the tenth stage(SMEs & TNP2K, 2021).

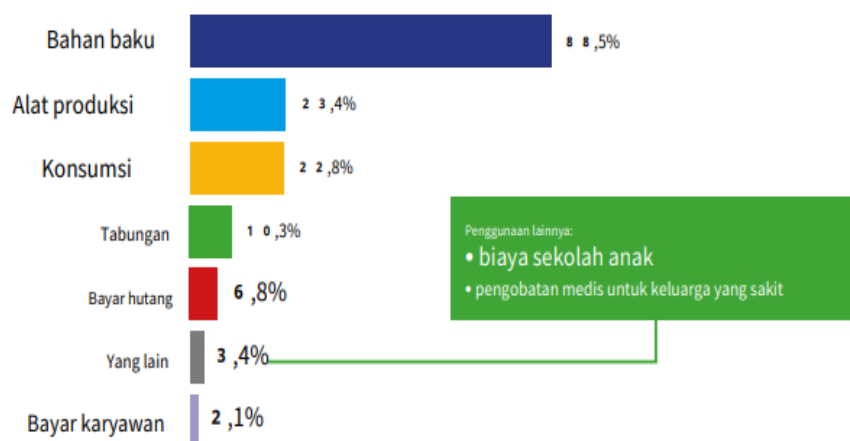


Fig. 2: Realization of Use of BPUM Funds in Indonesia

According to the survey, the impact of BPUM distribution has reached the productive goals of the reasons for implementing this program. BPUM recipients have used these funds to meet the productive needs of their businesses, starting from purchasing raw materials with a percentage of 88.5 percent, production equipment with a percentage of 23.4 percent, and paying the salaries of their workers by 2.1 percent. This survey also revealed that only a portion of MSMEs receiving BPUM, namely 10.6 percent, received assistance and the remaining 89.4 percent reported receiving full funding allocations with the amount received in that year amounting to IDR 2.4 million.(SMEs & TNP2K, 2021).

A survey conducted by TNP2K together with the Ministry of Cooperatives and SMEs stated that there were several things that became problems and also obstacles in the distribution process, namely first, the lack of a MSME database because the data had not been updated and completed by the Regency/City Office of Cooperatives and UKM which required re-opening of registration in capturing more UMKM to meet the target. This resulted in the realization of the Ministry of Cooperatives and Small and Medium Enterprises budget for BPUM in 2020 amounting to 100 percent, but a return of 160.84 billion was found with an output achievement of 10,247 MSMEs or 85.4 percent which

had not met the target set (Santia, 2021). Second, the limitations of the Regency/City Office of Cooperatives and UKM in conducting business verification. Additional requirements were then imposed in several areas such as in Bali which required prospective applicants to attach a stamped SPTJTM that the business had never received other incentives such as the Staple Food Program and the Family Hope Program (PKH). Third, there is duplication of data that is found when there is one MSME that is proposed by more than one proposing agency due to an error in the coordination flow which causes the rejection of several prospective MSME proposers in the central system. Fourth, in the channeling bank activation process it was also found that only 75.6 percent of BPUM recipients succeeded in carrying out the account activation process or succeeded in passing the Know Your Customer (KYC) process to ensure the accuracy of recipient data and the remaining 8.3 percent of BPUM recipients failed to activate channel account activation. BPUM beneficiary accounts that were blocked were 61.9 percent, and the reason was that they did not have free time to go to the bank by 5.7 percent. Fifth, another technical obstacle that causes an uneven number of MSME actors in an area also occurs due to differences in data on prospective recipients with data on KTPs, especially on the NIK of the proposers.

BPUM's challenge as a form of policy that is promoted by the government is also not from the availability of funds that are flowing, but on the focus on whether the program being implemented is on target, especially for BPUM recipients and it is also necessary to question whether the program being implemented can be implemented properly and is on target (BPK, 2020). It is hoped that the BPUM program itself can be utilized by MSME players to overcome capital difficulties and increase operating profits. Many things become questions from this government-supported program. Considering that there was an evaluation in the form of an audit provided by the central government which caused a change in the provision of funds in Stage 1 of Rp. 2.4 million and Stage 2 of Rp. 1.2 million.

There are differences regarding the recipient requirements and also not all MSME actors who become BPUM Stage 1 recipients get capital assistance again in Stage 2. Apart from that, apart from the BPUM recipients themselves, for some MSMEs that do not receive this assistance, it is also a question of how they can run their business in the midst of the economic shock crisis to keep making a profit. What form of capital do they run, bearing in mind that if they do not meet the requirements as BPUM recipients, they may have previously obtained other capital programs from the government or any form of loan.

This research will discuss in more detail regarding the profit earned by MSMEs in Gianyar Regency for those who have become beneficiaries of the BPUM program and those who have not received this assistance. This research will focus on whether MSMEs that receive the capital assistance provided have an impact on MSME profits or are they only an alternative to fulfilling daily needs for business actors. This research will also examine whether MSMEs that do not receive capital assistance from the BPUM program can continue their business in earning profits amidst economic shocks and what are the factors that affect the sustainability of their businesses.

Based on the description and phenomenon above, the focus of the author's research is to find out how far the impact of the distribution of Micro Business Productive Assistance (BPUM) in terms of business capital, education level, number of workers, type of business, and marketing on MSMEs profits in Gianyar Regency. In line with this, the purpose of this study is to obtain empirical evidence of the impact of the distribution of Micro Business Productive Assistance (BPUM) on MSME Profits in Gianyar Regency.

II. THEORETICAL FOUNDATION

A. *Micro, Small and Medium Enterprises (MSMEs)*

Micro, Small and Medium Enterprises (MSMEs) are a sector that can increase the purchasing power of domestic consumers, reduce social and economic inequality, and foster cooperation and kinship in the economic sector (Wulansari & Kurniawan, 2018).

B. *Venture capital*

Business capital is a requirement for financing the operation of a company from its founding until it has operated from capital obtained from money and Tenaha (Salfira, 2015).

Business capital is considered capable of being a solution in overcoming the common problems of MSMEs.

C. *Assistance for Micro Business Actors (BPUM)*

The National Economic Recovery Program or what can be called PEN has a definition according to the Regulation of the Minister of Cooperatives, Small and Medium Enterprises of the Republic of Indonesia Number 6 of 2020 Chapter I Articles 1 and 2 regarding General Guidelines for Supporting National Economic Recovery in the Context of Dealing with Threats that Endanger the National Economy and Saving the National Economy during the 2019 Corona Virus Disease Pandemic, which is a series of activities in order to restore the national economy as part of implementing state financial sector policies by the government in accelerating the handling of the COVID-19 pandemic in facing dangerous threats to the national economy as well as financial system stability and saving national economy.

D. *Operating profit*

According to research (Harahap, 2017), profit can be measured by the difference in income realized from transactions conducted by business in a period minus expenses incurred to obtain this income.

E. *Impact of Productive Assistance for Micro Enterprises (BPUM) on MSME Profits in Gianyar Regency*

Business capital has an important role in supporting the production process, either in the form of money, technology or other forms that can increase production. Therefore, the relationship between capital and profits earned by a business has a very close relationship. Capital is the main instrument in a business because insufficient capital will not increase (Azra, 2019). Research put forward by (Williem et al., 2022) is also in line with this theory where business capital has a significant influence on profits generated by MSMEs which are restaurant businesses from GoFood partners in Sukoharjo Regency.

Provision of capital by the government as business capital can help MSME business activities to earn profits. Operating profit is related to business capital provided by the government. If the capital provided is large, it can provide high yields on products, so that the profits earned by the business will also increase and vice versa (Natasya & Hardiningsih, 2021). Research conducted by (Anjarwati & Safri, 2022) also stated regarding the previous statement, where the Micro Business Productive Assistance (BPUM) variable had a partial effect on MSME profits. Based on the conceptual framework and statements that have been stated previously, the formulation of the research hypothesis is presented as follows.

H1: MSMEs that receive BPUM earn higher profits compared to MSMEs that do not receive BPUM

III. RESEARCH METHODS

Based on the theoretical basis and hypotheses previously presented, this research uses a quantitative approach in a comparative form. The research location is a place or area where research is carried out. The research location chosen in this study is the Gianyar Regency area

using data based on data from the Gianyar Regency Cooperative and UKM Office, which is related to the distribution of BPUM UMKM in Gianyar Regency for the 2020 and 2021 periods. Gianyar Regency was chosen as a research location because of the number of MSME business units the highest for four consecutive years, namely 75,542 business units in 2021 and is the area with the most BPUM distribution in the Province of Bali. However, behind the data presented, the value of the increase in the number of business units in Gianyar Regency itself tends to decrease in 2019 and does not show a significant increase among other regions until the end of 2021.

The population used in this study is data on MSME recipients and non-BPUM recipients in Gianyar Regency in 2020 and 2021. The number of respondents used in this study was 150,106 MSME actors, so that the sample taken in the study could represent the entire population, the number of sample calculated by the Slovin formula. So, the number of samples needed as respondents in this study is as many as 100 MSME units taken from recipient and non-recipient BPUM data in Gianyar Regency in 2020 and 2021.

A. Object of study

The research objects used in this study include MSMEs in Gianyar Regency which are recipients and not recipients of BPUM in 2020 and 2021. The variables studied in this study are as follows:

- The dependent variable in this study is Operating Profit (Y)
- The independent variable in this study is BPUM (X)
- The control variables in this study are education (EDUC), number of workers (LABOR), type of business (UMKM_TYPE) and marketing (MARKET).

B. Variable Operational Definition

Profit (Y), is the difference in realized income from transactions carried out by business in a period minus expenses to obtain that income (Harahap, 2017).

BPUM (Micro Business Productive Assistance) (X) according to the Regulation of the Minister of Cooperatives, Small and Medium Enterprises of the Republic of Indonesia Number 6 of 2020 is a type of Direct Cash Assistance (BLT) by the government in carrying out the PEN program to help revive MSMEs to survive during economic shocks pandemic COVID-19 (KemenkopUKM, 2021). This BPUM variable method uses a dummy as an approach to measuring a nominal scale. The use of dummy variables uses the following indicators.

An indicator value of 0 or D = 0, is not a BPUM recipient

Indicator value 1 or D = 1, is a BPUM recipient

Education (EDUC) is the last level of education taken by business owners (Central Bureau of Statistics, 2021).

Total workforce (LABOR) is the number of workers or employees of a business who work on an average per day to produce goods and services for a business (Priana & Natha, 2014).

The type of business (UMKM_TYPE) is a form of business that is run by MSMEs in the form of UD, CV, PT or other industries (Central Bureau of Statistics, 2021).

Marketing (MARKET) is the scope of activities carried out by business actors to meet the needs and desires of consumers to achieve business goals, which are divided into local, national and international marketing (Suryanti et al., 2021).

C. Data Analysis Techniques

The data collection method contained in this study is in the form of non-behavior observation, using structured interviews, and questionnaires. The data analysis techniques used in this study consist of:

Multiple Linear Regression Analysis in this study is intended to determine the relationship between two or more variables in predicting the estimated value of Y over X. This study aims to determine the impact of the distribution of Micro Business Productive Assistance (BPUM) on MSME profits in Gianyar Regency. The form of the multiple linear regression equation where the IV regression is expressed by the Log (Y) symbol and the logit model by the symbol $Ln \frac{P_i}{1-P_i}$ stated as follows.

$$\text{Log (Y)} = \beta_0 + \beta_1 T_i + \beta_2 EDUC_i + \beta_3 LABOR_i + \beta_4 UMKM_TYPE_i + \beta_5 MARKET_i + \mu_i \tag{1}$$

$$Ln \frac{P_i}{1-P_i} = \beta_0 + \beta_1 T_i + \beta_2 EDUC_i + \beta_3 LABOR_i + \beta_4 UMKM_TYPE_i + \beta_5 MARKET_i + \mu_i \tag{2}$$

$$Z_i = \alpha_0 + \alpha_1 Z_i + e_i \tag{3}$$

Where,

Logs (Y) : Variable responses namely the operating profit of SMEs

- α, β_0 : Constant (intercept)
- $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$: Parameter estimation (dependent variabel)
- T_i : (T = 0, if received BPUM and T = 1, if not receiving BPUM)
- μ_i, e_i : Error

In this study there are variable *treatments*(T) which is endogenous or the neglected independent variable, namely the variable Productive Assistance for Micro Enterprises (BPUM) which is a temporary venture capital provided by the government as assistance to MSMEs. This variable is considered a variable that is difficult to collect data quickly. Endogeneity in a variable can be overcome by instrumental variables, namely through the transfer of these independent variables to *error* (Woolridge, 2016). This study has prospective instrumental variables, namely length of business and type of business. The first IV requirement in testing the prospective instrumental variables is the length of business and the use of capital has no effect on BPUM.

$$\text{cov } 0(Z_i, T_i) \neq \tag{4}$$

IV. RESULTS OF ANALYSIS AND DISCUSSION

Multiple linear regression analysis was used as an analysis model using the STATA 14.2 application. Multiple linear regression is an analytical method that involves research on one dependent variable which is most likely to have a relationship with the independent variables. In this

study, there are independent variables, namely BPUM (X1), UMKM Profit (Y1) are the dependent variables, and Education (EDUC), Labor (LABOR), Type of Business (UMKM_TYPE), and Marketing (MARKET) are the control variables. Table 4.11 explains the regression estimates from BPUM on MSME profits in Gianyar Regency.

Table 3: Results of Multiple Linear Regression Analysis

VARIABLES	Model 1 b ols	Model 2 b ols1
BPUM	0.7659*** (0.1666)	0.7755*** (0.1761)
EDUC		-0.0443 (-0.0347)
LABOR		-0.0615 (-0.3822)
UMKM_TYPE		0.0372 (0.2366)
MARKET		0.0621 (0.1699)
N	110	107
R-squared	(0.1637)	(0.1712)
Constant	11.5129*** (0.1230)	11.9317 (1.0958)

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Data processed (2023)

The aim of this study to obtain empirical evidence of the impact of the distribution of Micro Business Productive Assistance (BPUM) on MSME Profits in Gianyar Regency. The following is the initial regression equation based on Table 4.11 using the 2 b ols 1 model

$$\ln Y = 0,7755 + 0,0443BPUM_i - 0,0477EDUC_i - 0,0615LABOR_i + 0,0372TYPE_i + 0,0621MARKET_i + \mu_i \quad (5)$$

MarkR2 = 0.1712 means that the variation of the MSME profit variable as the dependent variable can be explained by 17.12 percent in the variation of the independent variables in this model which include BPUM, education (EDUC), labor (LABOR), type of business (UMKM_TYPE), and marketing (MARKET), the remaining 82.88 percent is explained by variations in other variables outside this model.

Table 3 explains the results of the OLS regression estimation which states that the effect of BPUM on MSME profits can be said to have increased from a value of 0.765 to 0.775. This means that MSMEs which are BPUM recipients have a difference in profits of as much as 76 percent to 77 percent higher than those who are not BPUM recipients.

A. Instrumental Variable Candidate Test Results

Instrumental variable (IV) in economics is used as. Techniques for overcoming endogeneity or bias in unobserved variables in regression analysis. IV can be used if the relationship between the independent variable and the dependent variable is disrupted by the existence of unobserved variables that affect both of these variables.

The results of the OLS regression estimation shown in Table 4.6 are suspected of having a bias in the BPUM variable which affects MSME profits in Gianyar Regency. The results of this regression show that MSMEs which are BPUM recipients have a profit difference of 76% to 77% higher than non-BPUM recipients. Testing for candidate IV was carried out because the system for providing BPUM assistance was also endogenous or it was not randomly given to MSMEs and there were conditions provided from the Cooperative and UKM Offices and they could apply directly according to the terms and criteria for BPUM recipients. The IV candidate used in this study is the variable use of capital.

The capital variable was found to be an instrumental variable when conducting research examining the impact of investment or financial decisions on economic outcomes. The use of capital as an instrumental variable is used on the grounds that capital often correlates with endogenous variables of interest (eg, investment or savings) but does not directly affect the dependent variable (eg, economic growth or firm performance) (Chambers and Conway, 2014).

In this study, the variable use of capital is used as IV to find out whether the use of capital fulfills the second requirement IV, namely the use of capital correlates with BPUM, through Table 4 a regression will be carried out using BPUM first.

Table 4: First-Stage Regressions

<i>BPUM</i>	<i>Coef.</i>	<i>Robust Std. Err.</i>
EDUC	0.0212	0.0183
LABOR	-0.3072	0.9632***
UMKM_TYPE	0.0301	-,1-82
MARKET	-0.0863	0.0882
USE_MODAL	0.2711	0.0680***
_Cons	-0.0058	0.5361

***p<0.01, **p<0.05, *p<0.1

Data processed (2023)

Table 4 shows that the probability value for the variable use of capital is 0,000 or a significance value of less than 10 percent or 0.10 with a positive coefficient value, meaning that

the use of capital has a positive or significant correlation with BPUM. It can then be concluded that it fulfills the second requirement IV as an instrumental variable in this study.

Table 5: Estimation Results of Two Stage Least Square Regression IV

Variable	2SLS (Robust) Lny
BPUM	1.1967* (0.6429)
EDUC	-0.0506 (-0.0463)
LABOR	0.0903 (0.2254)
UMKM_TYPE	0.0340 (0.1109)
MARKET	0.0964 (0.1416)
N	107
R-squared	0.1243
_cons	11,5820*** (0.7897)

Data processed (2023)

Based on Table 4, the results of the estimated regression IV show that the impact of differences in increasing profits when the instrumental variable of the use of capital is added to MSME profits is 120 percent higher compared to non BPUM recipients. MSME recipients of BPUM in Gianyar Regency use this capital assistance to overcome their financial problems by meeting their business raw material purchasing needs to keep running their business.

BPUM provides additional capital assistance that can help with operational costs and maintain MSMEs amid the COVID-19 pandemic when business actors wisely manage to increase sales which contribute to increased profits. These results are also in accordance with the functional concept of working capital in the function of generating income and profits from the business being carried out. Research conducted by(Wahid & Dermawan, 2022)also in line with this statement that BPUM assistance as additional capital has a positive impact on businesses to continue to run their business and earn profits. The impact of providing this capital assistance grant is a stimulus that directly encourages the efforts of MSMEs to survive during the pandemic and continue their business.

The results of this data processing were also strengthened by a statement from one of the BPUM recipients, namely Ni Made Suwerni, who is an MSME actor in the food stall business.

"I'm sorry you only got 1 time in 2020. This assistance is to buy business raw materials. There is a small profit, so you can increase your business capital. Although not necessarily and depending on the situation. Before the assistance was given, there might be a profit of 10 percent and after that it could be 15 percent. Even though it's a little, it can still run its business effectively."

The arguments stated by research respondents strengthen the results indirectly that BPUM-recipient MSMEs can effectively allocate business capital assistance specifically for buying business raw materials so that they continue to run their business and earn profits. So it can be seen that the results of this study are in accordance with the hypothesis that is "MSMEs that receive BPUM earn higher profits compared to MSMEs that do not receive BPUM. The following is the regression equation based on Table 4.8.

$$\text{Log}(Y) = 11.5820 + 1.1967 - 0.0506 + 0.0903 + 0.0340 + 0.0964 \text{ BPUM}_i \text{ EDUC}_i \text{ LABOR}_i \text{ TYPE}_i \text{ MARKET}_i + \mu_i$$

MarkR2 = 0.1243 means that the variation of the MSME profit variable as the dependent variable can be explained by 12.43 percent in the variation of the independent variables in this model which include BPUM, education (EDUC), labor (LABOR), type of business (UMKM_TYPE), and marketing (MARKET), the remaining 87.57 percent is explained by variations in other variables outside this model.

B. Hypothesis Test Results

This study conducted a hypothesis test with the F test, namely the feasibility test of the model simultaneously and the t test, namely the significance test on the beta regression coefficient partially using the STATA 14.2 processing application.

Based on the results of the analysis, the results obtained were $F_{count} (4.17) > F_{table} (2.30)$ and $(Prob > F) 0.0017 < 0.1$, then H_0 was rejected or H_1 was accepted at a significance level of 10%, meaning BPUM, level education, number of workers, type of business, and marketing have a simultaneous effect on the profits of MSMEs in Gianyar Regency. The R2 or R square value of 0.1712 means that 17.12 percent of MSME profits are influenced by BPUM variables, education level, number of workers, type of business, and marketing, the remaining 82.88 percent is explained from variations in other variables outside this model

The results of the analysis show that the value of the t test in this study, namely H_0 is rejected or H_1 is accepted at a significance level of 10%, meaning that MSMEs that receive BPUM earn higher profits compared to MSMEs that do not receive BPUM. In other words, the profit difference for every 1 MSME receiving BPUM is 120 percent higher compared to MSMEs that do not receive BPUM.

C. Implications of Research Results

This study emphasizes the implications of useful research results into considerations for the central and regional governments as policy makers in formulating economic policy frameworks in developing MSMEs in Gianyar Regency to obtain maximum profits from the Micro Business Actor Assistance (BPUM) program.

BPUM helps overcome operational cost problems and maintain business continuity when business actors wisely succeed in increasing sales which contribute to increasing profits. The results of this study state that the impact of differences in increases on MSME profits is higher than non BPUM recipients. MSMEs receiving BPUMs in Gianyar Regency can allocate capital assistance in overcoming financial problems by using funds that focus on meeting the needs for purchasing business raw materials so that they can continue to run their business amid the COVID-19 pandemic that occurred in 2020 and 2021.

The stated results have implications that MSMEs that receive BPUM capital assistance have an impact on profit making for business actors and can continue to maintain their business in earning profits amidst economic shocks. The capital use factor plays an important role in knowing

how much impact the increase in profits has for BPUM recipients. The use of capital that is in accordance with the purpose of providing BPUM capital assistance will effectively have an impact on increasing profits from recipient MSMEs.

D. Conclusions and suggestions

The difference in MSME profits before and after receiving BPUM earned a higher profit compared to MSMEs that did not receive BPUM. This can be stated through the results of the estimated regression IV of 1.1967 on the BPUM variable coefficient. Statements from the results of this study indicate that the impact of the BPUM program on MSME profits is up to 120 percent higher than non-BPUM recipients. MSME recipients of BPUM in Gianyar Regency use this capital assistance to overcome their financial problems by meeting their business raw material purchasing needs to keep running their business.

Simultaneously, the BPUM variable, education level, number of workers, type of business, and marketing have an effect on MSMEs' profits in Gianyar Regency which is shown from the results of the $F_{count} (4.17)$ greater than $F_{table} (2.30)$ with a significance value of $0,0017 > 0.10$.

Partially, MSMEs that receive BPUM earn higher profits compared to MSMEs that do not receive BPUM as shown by the results of the $t_{count} (4.40) > t_{table} (1.28)$ using a significance level of $0.003 > 0.10$.

To ensure that the BPUM program in Gianyar Regency has an impact on MSME profits or only as an alternative to fulfilling daily needs for business actors, during the socialization it can be explained regarding the aims and objectives of the program and provide a clear statement on the use of capital that must be used as business needs so that development occurs in economic performance. BPUM assistance which is a form of direct cash assistance provided by the government and does not need to be reported regarding its finances. The government can evaluate the profit and income received by MSMEs receiving BPUMs in 2020 and carry out evaluations related to strategies so that at a later stage it can be carried out more effectively.

The government in formulating policies, especially for the MSME sector, can know in advance what forms of capital assistance are needed by business actors and the conditions for those who will become recipients. The form of business capital does not only come from the government and many business actors receive other capital assistance, especially through commercial bank loans and KUR for MSME BPUM recipients. The author considers this to be slightly different from the statement of BPUM recipient requirements, namely that MSMEs do not receive other capital assistance, so MSMEs that do not receive BPUM assistance that meet these criteria cannot get the opportunity to receive this assistance. In addition, the authors assess that the delivery of BPUM information to MSMEs in Gianyar Regency was not carried out thoroughly.

ACKNOWLEDGMENT

On this occasion, the author would like to thank I Wayan Sukadana, SE, MSE as the thesis supervisor for his time, guidance, input and motivation during the completion of this thesis. Thank you Prof. Dr. Dra. Ida Ayu Nyoman Saskara, MSi as the Examiner I Thesis Lecturer who has provided input, corrections and suggestions for the perfection of this thesis. And do not forget to thank Anak Agung Bagus Putu Widanta, SE, MSi, as Examiner Lecturer II who has provided input, corrections, suggestions for the perfection of this thesis and as an Academic Supervisor who has given motivation and enthusiasm to the author during lectures at FEB Unud.

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