


## The influence of UMKM budget realization on poverty levels and unemployment rates in East Java province

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| Article Info                                                                                                                                                                                                       | ABSTRACT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| <p><b>Keywords:</b><br/>Budget Realization,<br/>Unemployment Rate,<br/>Poverty Level,<br/>UMKM.</p>                                                                                                                | <p>The main objective of this study is to investigate how the utilization of the budget allocated for micro, small, and medium enterprises (UMKM) affects the levels of unemployment and poverty in East Java Province. This research employs a quantitative methodology with an explanatory research design. Data collection involves the use of secondary data sourced from the official website of the Department of Cooperatives and SMEs. This secondary data covers a three-year period (2020-2022) and focuses on the UMKM budget utilization across different regions within East Java Province. The analysis of this data utilizes a simple linear regression approach. In the regression analysis testing, two models were examined, namely Model 1 (UMKM Budget realization - Unemployment Rate) and Model 2 (UMKM Budget realization - Poverty Rate). The research results indicate that both the unemployment rate and poverty rate, either partially or simultaneously, do not have a significant impact on UMKM budget realization. Because the significance values obtained for both models are higher than the predetermined significance level (<math>\alpha = 0.05</math>). Therefore, it is recommended that the government conduct a thorough evaluation of UMKM budget policies, strategies, and implementation to understand the factors contributing to the increase in unemployment and poverty rates in East Java Province.</p> |
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### INTRODUCTION

In an effort to build a people's economy, the President of the Republic of Indonesia has instructed business actors to develop UMKM and Modernize Cooperatives. The role played by UMKM is very important for Indonesia's economic growth, because around 99 percent of all business units are in this category. Reported by the Coordinating Ministry for Economic Affairs (2022) stated that UMKM contributed 60.5% to Gross Domestic Product (GDP) and absorbed 96.9% of the total national workforce. Therefore, UMKM are considered as one of the key elements in efforts to overcome the problem of poverty and unemployment.

Financial support from the Government is the key to opportunities to improve UMKM in Indonesia so they can move up in class. According to the Center for State Financial Accountability Studies, Expertise Body of the Secretariat General of the DPR RI through the Directorate General of Budget in 2022 regarding UMKM and PEN Accountability, UMKM

have made a very important contribution to the country, reaching around 60 percent of Gross Domestic Product (GDP), especially in 2018 and 2019. Apart from playing a role in GDP, UMKM also have a reputation as a strong sector in facing economic crises, such as what happened in the monetary crisis in 1998 and 2008. However, the Covid-19 pandemic has brought about a more complex economic crisis compared to the previous crisis.

The economic impact of the Covid-19 pandemic has been significantly felt by the Micro, Small and Medium Enterprises sectors. This situation occurs because of the important role of UMKM in the overall economy and national level, which is reflected in the opening of job opportunities (Abidin, 2015). In particular, small businesses in the UMKM category have been hit hard by the Covid-19 crisis, with many of them forced to temporarily lay off and experiencing difficulties in obtaining capital (Baker & Judge, 2020). The results of a quick survey conducted by ADB in 2020 also revealed that half of UMKM had to close their operations, while others experienced a significant decline in their turnover. Other findings also note that more than 60 percent of UMKM were forced to lay off their employees, especially in the manufacturing and trade sectors. In fact, according to estimates by the Indonesian Ministry of Finance, in one scenario, there will be an increase in the poverty rate of 4.86 million people, followed by additional unemployment of 5.23 million people (KEM PPKF 2021).

The problem of poverty is still a hot issue in various parts of the world (Budiarti & Hartono, 2023; Hartono, 2023). Poverty is defined as the insufficiency of a person or group of people in meeting basic needs at a specified level. Poverty has a serious impact because it is a very complex problem, starting from the community's inability to fulfill basic needs, such as education and health which are often overlooked (Ngarifun & Hartono, 2022; Hartono, 2023). Information from the Central Statistics Agency for 2023 states that the number of poor people as of March 2023 reached 25.90 million people. This figure has decreased by 0.46 million people compared to September 2022 and a decrease of 0.26 million people compared to March 2022.

Apart from the problem of poverty, unemployment is also a challenge that is difficult to avoid and can trigger social problems such as increasing crime rates. This economic problem can reduce people's standard of living and purchasing power. This shows that the high level of social welfare in a country is also accompanied by a decrease in the unemployment rate (Qomariyah, 2013; Husniyah, Basyah, Mustofa, 2022). UMKM, as one of the main components in economic development, not only have a vital role in reducing poverty in Indonesia, but also contribute to increasing income and creating more jobs. According to information from the Central Statistics Agency (BPS) in February 2023, it was recorded that 7.99 million people were unemployed. This figure decreased by 410 thousand people compared to February 2022, namely 8.40 million people were unemployed.

Presidential Regulation (Perpres) Number 12 of 2021 regulates various aspects related to the procurement of goods/services by the government. One of the things regulated is the obligation of Ministries/Institutions and Regional Governments to purchase goods/services from Micro and Small Enterprises (UMK). This regulation explains that

Micro, Small and Cooperative Enterprises must have at least 40% opportunity to participate in the process of procurement of goods/services, both in the State Revenue and Expenditure Budget (APBN) and Regional Revenue and Expenditure Budget (APBD). Under the supervision of the Minister of Home Affairs, achieving 40% in purchasing domestic products has become one of the main performance benchmarks for the local region. This achievement has an impact on providing incentives and sanctions, including the provision of Regional Incentive Funds (DID).

The preparation of expenditure budgets and budget implementation in each regional government must be based on the principle of regional autonomy (Otonomi). The implementation of regional autonomy carried out by regional governments should aim to meet the needs of local residents with the aim of improving community welfare (Petra & Sari, 2021). According to Law Number 23 of 2014, the Regional Revenue and Expenditure Budget (APBD) is defined as a financial plan that will be used by the regional government for one year based on regional regulations that have been established.

In 2022, the total Regional Government Expenditure Budget for East Java Province will reach IDR 134.26 trillion. Entering the second quarter of 2022, the realization will reach 21.22% of the total approved budget. There is a decrease of -5.36% (yoy) when compared to the revised 2021 budget. Of this amount, around 78.06% or IDR 104.81 trillion is part of the Regency/City APBD, the remaining 21.94% or IDR 29.46 trillion is part of the East Java Province APBD. As of the second quarter of 2022, the realization of total regional expenditure reached 21.22% of the budget ceiling, which has increased compared to the second quarter of 2021 (18.77%). This increase occurred both in the realization of provincial APBD expenditure and Regency/City APBD. Furthermore, the realization of expenditure in the Regency/City APBD reached 20.16%, which is lower than the realization of the Provincial APBD which reached 24.98% of the budget ceiling.

East Java Province recorded very positive economic performance. Information from the East Java Province Communication and Information Service (2023) shows that East Java's economic performance is showing a good trend. Evidence of this can be found in the economic growth recorded in the first quarter of 2023. In a year-on-year comparison, economic growth in the first quarter of 2023 compared to the first quarter of 2022 reached 4.95%. Apart from that, East Java's economic growth is also supported by significant contributions from cooperatives and Micro, Small and Medium Enterprises (UMKM), which increase every year. Initially, in 2020, the contribution of Cooperatives and UMKM to Gross Regional Domestic Product (GRDP) was 57.25%. Then, in 2021, the figure increases to 57.81%, and in 2022, this contribution increases to 58.36% with the gross added value of KUMKM in 2022 reaching 1,593 trillion rupiah.

Several studies have been conducted to examine the effect of UMKM budget realization on unemployment and poverty levels from various different points of view and perspectives. Muhammad Iqbal (2018) conducted similar research which revealed the crucial role of the Micro, Small and Medium Enterprises sector in supporting the national economy. Through UMKM, we can contribute to minimizing unemployment rates, opening up employment opportunities, reducing poverty levels, increasing prosperity and shaping

the nation's character. Furthermore, Husniyah, Basyah, and Mustofa (2022) also conducted research which revealed the important impact of UMKM on unemployment and poverty levels. The results of their research also reflect that there is a significant influence between the unemployment rate and the poverty rate.

In line with this, the study of how the realization of UMKM budgets affects the unemployment rate and poverty rate is an interesting topic to investigate. This reason is thought to be because UMKM have a significant contribution as the main source of income for the people of East Java, while also playing an important role in job creation. Therefore, researchers are interested in conducting research with the title "The Influence of UMKM Budget Realization on Unemployment Levels and Poverty Levels in East Java Province".

## METHODS

This research uses quantitative methods. According to Clark & Creswell (2015), a quantitative approach is aimed at testing theories and investigating relationships between variables. A quantitative approach was applied to analyze the influence of poverty levels and unemployment levels on the absorption of the realization of the special budget for UMKM Empowerment in East Java Province.

The subjects in this research cover all regencies/cities located in East Java Province during the 2020-2022 period. Sampling was carried out using a purposive sampling method, involving 29 districts and 9 cities in East Java Province during the research period from 2020 to 2022. According to Sugiyono (2013), purposive sampling is a sample selection method that focuses on special criteria. The following are a series of criteria used in the sample selection process:

1. Districts and Cities in East Java Province which are included in the Performance Report of Government Agencies for each Regency/City in the available year of analysis.
2. Data on unemployment rates and poverty rates in Regencies and Cities of East Java Province

Data collected using secondary data obtained from official sites. This is necessary to explore the variables related to the portion of the budget allocation specifically for the UMKM Empowerment Program.

### Analysis and Hypothesis Testing Techniques

This research uses simple linear regression with two testing models. This analysis is aimed at finding out whether there is an influence of unemployment and poverty levels on the absorption of the budget allocated to UMKM in each district and city. The analysis was carried out using SPSS 22.0 and Microsoft Excel software to tabulate data on UMKM budget realization absorption. In this research, the research is divided into two types of variables, namely independent variables and dependent variables. The following is an explanation of each variable.

#### 1. Dependent Variable

In this research, the Unemployment Rate (Y1) and Poverty Rate (Y2) are the dependent variables. The poverty level is measured in percent (%) and applied to

each district and city in East Java Province. Meanwhile, the Unemployment Rate is measured based on the Open Unemployment Rate (TPT) approach which refers to conditions at the research location.

## 2. Independent Variable

Meanwhile, the independent variable in this research is budget realization. The focus of the budget realization absorption variable (X) is the budget specifically for the UMKM Empowerment Program. Data on budget realization absorption was obtained in each region in East Java Province through Government Agency Performance Reports published on the websites of each Regency/City.

### Simple Linear Regression Analysis

Simple linear regression analysis was used to see the magnitude of the influence of the UMKM Budget Realization Absorption variable (X) on the Unemployment Rate (Y1) and Poverty Rate (Y2). The following is the regression equation for each model:

$$Y1 = \alpha_1 + \beta_1 X1 \dots \dots \dots (\text{Model Equation 1})$$

$$Y2 = \alpha_2 + \beta_2 X1 \dots \dots \dots (\text{Model Equation 2})$$

Where:

Y1 = Unemployment Rate

Y2 = Poverty Level

$\alpha_1, \alpha_2$  = Constant

$\beta_1, \beta_2$ , = regression coefficient

X = UMKM Budget Realization (%)

### Model Parameter Testing (F Test)

The F test is used to evaluate whether the overall independent variable (Xi) has a significant influence on the dependent variable (Y). The hypothesis used in the F test can be formulated as follows:

H0:  $\beta_i = 0$ , which means that there is no influence between UMKM Budget Realization on the Unemployment Rate and Poverty Rate.

H1:  $\beta_i \neq 0$ , which means that there is an influence between UMKM Budget Realization on the Unemployment Rate and Poverty Rate.

Test criteria:

- If the P-value is lower than the predetermined significance level, then H0 will be rejected and H1 accepted.
- Conversely, if the P-value is higher than the predetermined significance level, then H0 will be accepted and H1 rejected.

Interpretation:

If H0 is rejected, it means that there is an influence between UMKM Budget Realization Absorption on the Unemployment Rate and Poverty Rate. Meanwhile, if H0 is accepted then there is no influence between the Realized UMKM Budget Absorption on the Unemployment Rate and Poverty Rate. The model that accepts H0 will be used for prediction.

### Coefficient of Determination (R<sup>2</sup>)

The coefficient of determination test is applied to assess the accuracy of the fit of the model that has been created to the actual data. The coefficient of determination (R<sup>2</sup>) describes the extent to which variation in the dependent variable can be explained by the independent variable. The value of the coefficient of determination is close to 1 or 100 percent. This shows that the model is getting better, although this also depends on the type of data used. The coefficient of determination according to Sarwoko (2005) can be formulated in the equation:

$$R^2 = ESS/TSS = 1 - (RSS/(n-k)) / (TSS/(n-1))$$

Information:

R<sup>2</sup> = Coefficient of determination

ESS = Explained sum of squares

TSS = Total sum of squares

RSS = Residual sum of squares

n = Number of samples

k = Number of independent variables

### Variable Parameter Testing (t Test)

The t test is used to measure the partial influence between the independent variables on each model in the dependent variable. The following is the hypothesis formulated in the t test:

H<sub>0</sub>: β<sub>i</sub> = 0, then there is no influence between the UMKM Budget Realization Absorption variable on the Unemployment Level and Poverty Level variables.

H<sub>1</sub>: β<sub>i</sub> > 0, then there is an influence between the UMKM Budget Realization Absorption variable on the Unemployment Level and Poverty Level variables.

The statistical t test according to Sarwoko (2005) can be calculated using the following formula:

$$T \text{ count} = ((b_i - \beta_i)) / (SE(b_i))$$

Information:

B<sub>i</sub> = Parameter of the i<sup>th</sup> regression coefficient

b<sub>i</sub> = Estimated i<sup>th</sup> regression coefficient

SE = Standard error of the b<sub>i</sub> coefficient

Test criteria:

T count > T table (α/2 ; nk), P-value < α, then H<sub>0</sub> is rejected and H<sub>1</sub> is accepted.

T count < T table (α/2 ; nk), P-value > α, then H<sub>0</sub> is accepted and H<sub>1</sub> is rejected.

Where:

n : Number of samples

k : Number of variables

Interpretation:

If H<sub>0</sub> is rejected then there is an influence between the Realized UMKM Budget Absorption on the Unemployment Rate and Poverty Rate. If you accept H<sub>0</sub> then there is no influence between the Realized UMKM Budget Absorption on the Unemployment Rate and Poverty Rate.

### Classic assumption test

This test is the initial stage when carrying out linear regression analysis in order to fulfill statistical rules. This test involves several assumptions such as normality, heteroscedasticity and multicollinearity using the Ordinary Least Square (OLS) method.

### Normality test

The normality test is used to consider whether the designed model approaches a normal distribution or not for both the independent and dependent variables. The criteria for a model that passes this assumption is if the data approaches a normal distribution. Data normality detection was carried out using the Normality test using Kolmogorov-Smirnov. If the significance value found is  $\geq 0.05$ , then it can be concluded that the data is valid and normally distributed.

### Multicollinearity Test

This test aims to evaluate whether there is a relationship between the independent variables in the regression model. If there is a strong relationship, this can indicate a multicollinearity problem in the regression model. According to Imam Ghozali (2002), a regression model is considered not to experience multicollinearity problems if the Variance Influence Factor (VIF) value is less than 10 or close to 1

### Heteroscedasticity Test

The heteroscedasticity test appears when variable  $e$  does not have an inconsistent level of variation or changes systematically along with changes in the value of the independent variable. The purpose of the heteroscedasticity test is to detect non-uniformity in residual variations between different observations in the regression model (Ghozali, 2011). In this test, if the result of the significance value (sig) is  $> 0.05$ , it means that there is no indication of heteroscedasticity, and a good model is a model that is free from heteroscedasticity assumptions (Maryono, 2013).

## RESULTS AND DISCUSSION

The results of testing simple linear regression analysis of UMKM Budget Realization on Unemployment Rates and Poverty Rates in East Java Province can be seen as follows:

**Table 1.** Results of Model 1 Analysis (Budget Realization - Unemployment Rate)

| Variable          | Regression Coefficients | t-Statistics | Sig   |
|-------------------|-------------------------|--------------|-------|
| Constant          | 3,026                   | 0.758        | 0.453 |
| Absorption budget | 0.025                   | 0.598        | 0.554 |
| <i>R-Square</i>   | 0.098                   |              |       |
| F-Statistics      | 0.357                   |              |       |
| Sig F-Statistics  | 0.554                   |              |       |

Source: Processed Data, 2023

Based on the results above, the equation is formed to be  $Y1 = 3.026 + 0.025 X1$ . It can be seen that the constant value in Model 1 (Budget Realization - Unemployment Rate) is 3.026. This means that if the budget realization variable acts as an independent variable,

the value is constant in accordance with the ceteris paribus assumption, where there is an increase in the unemployment rate of 3,026 units.

It can also be seen in table 2 above that the unemployment rate variable has a positive influence. This is reflected in the regression coefficient value of 0.025, which means that if the realization of the UMKM budget increases by one billion assuming other factors are considered constant, the unemployment rate will also increase by 0.025 units. However, even though the results had a positive effect, it was not significant. This is because the significance value in the t-test has a value greater (0.554) than the significance level ( $\alpha= 0.05$ ).

Furthermore, in table 1 the R-Square results of 0.098 are also presented. This illustrates that the realization of the budget applied in empowering UMKM was able to determine the dependent variable by 9.8 percent. Meanwhile, the remaining 90.2 percent cannot be explained by variables outside the model. Also presented is the calculated F value of 0.357. This, when compared with the Sig value in F-Statistics, is actually greater (0.554) than the significance level ( $\alpha= 0.05$ ). Simultaneously, there is no influence between the budget realization variable on the unemployment rate.

In table 1, it can be seen that the significance value of the t test on the budget realization variable on the unemployment rate is 0.554, where this result is actually greater than the significance value ( $\alpha= 0.05$ ). So it can be concluded that the budget realization variable partially has a positive but not significant effect on the dependent variable, namely the unemployment rate.

Simultaneously with these findings, in February 2022, the Central Statistics Agency reported that around 954.6 thousand residents experienced unemployment due to the impact of the Covid-19 pandemic. Of this number, around 46.69 percent came from the productive age group with an age range of 25 to 44 years. Meanwhile, around 40.05 percent came from the young age group, ranging from 15 to 24 years.

During the pandemic period, the unemployment rate also increased due to reduced business activity in the UMKM sector as a result of the implementation of Large-Scale Social Restrictions (PSBB). This situation also contributed to an increase in the number of layoffs, resulting in many individuals losing their main jobs. Therefore, budget allocation for UMKM is considered as one of the innovations aimed at creating new entrepreneurs as a response to economic pressure.

This finding illustrates that increasing the UMKM budget is apparently unable to overcome the complex structural problems faced by the UMKM sector. Factors such as limited access to capital, lack of adequate skills or education, technological change, and fierce global competition pose obstacles to sustainable job creation. Even though the allocation of funds for empowering UMKM continues to increase every year, the unemployment rate continues to rise.

**Table 2.** Results of Model 2 Analysis (Budget Realization – Poverty Level)

| Variable          | Regression Coefficients | t-Statistics | Sig   |
|-------------------|-------------------------|--------------|-------|
| Constant          | 13,994                  | 2,185        | 0.035 |
| Absorption budget | -0.036                  | -0.535       | 0.596 |

| Variable         | Regression Coefficients | t-Statistics | Sig |
|------------------|-------------------------|--------------|-----|
| <i>R-Square</i>  | 0.088                   |              |     |
| F-Statistics     | 0.286                   |              |     |
| Sig F-Statistics | 0.596                   |              |     |

Source: Processed Data, 2023

Based on the results above, the equation is formed as  $Y_2 = 13.994 - 0.036 X_1$ . It can be seen that the constant value in Model 2 (Budget Realization - Poverty Level) is 13.994. This means that if the budget realization variable which acts as an independent variable has a fixed value or does not change according to other assumptions, the poverty level will increase by 13,994 units.

It can also be seen in table 2 above that the poverty level variable has a negative influence. This is shown in the regression coefficient of 0.036 which has a negative sign (minus), which means that if the realization of the UMKM budget increases by one billion, while other variables are considered constant, the poverty level will decrease by 0.036 units. However, even though the results had a negative effect, it was not significant. This is because the significance value in the t-test has a value greater (0.596) than the significance level ( $\alpha = 0.05$ ).

Referring to table 2, the R-Square result is 0.088. This indicates that the budget realization applied in empowering UMKM was able to explain the dependent variable by 8.8 percent. Meanwhile, 91.2 percent cannot be further described by other variables outside the model. Based on table 2, the calculated F result is also presented at 0.286. This, when compared with the Sig value in F-Statistics, is actually greater (0.596) than the significance level ( $\alpha = 0.05$ ). So it can be concluded that there is no influence between the budget realization variables which simultaneously do not have a significant effect on the poverty level.

It can be seen that the significance value of the t test for the budget realization variable on the unemployment rate is 0.596. This value is actually higher than the predetermined significance level ( $\alpha = 0.05$ ). Therefore, it can be partially concluded that the budget realization variable has a positive but not significant influence on the dependent variable, namely the poverty level.

The findings from this research are in line with Widowati and Purwanto (2019), who stated that the number of existing UMKM has a negative impact on poverty levels. Poverty alleviation at the global level has become the main focus of the agenda of the President of Indonesia's G20 in 2022.

One of the efforts made is to promote the growth of Micro, Small and Medium Enterprises (UMKM). The United Nations Department of Economic and Social Affairs (UN DESA) reports that around 80% of jobs in the formal sector come from growth and job creation by UMKM.

If seen from the aspect of budget realization, this means that the allocation of funds used for UMKM is used more efficiently, with a focus on programs that truly benefit the UMKM sector to reduce poverty levels. For example, the use of funds to provide skills

training to UMKM entrepreneurs and programs to provide business capital to UMKM have the potential to have a positive impact on reducing poverty levels. In addition, districts/cities that participate in collecting budget implementation data have different budget allocations and achieve satisfactory performance (83 - 104%).

The research results show that neither the unemployment rate nor the poverty rate have an influence on the use of the UMKM budget. This is shown by the significance of the t-test value which exceeds the appropriate significance level. If the probability value  $t > 0.05$ , it means that there is an unreal influence between the use of the UMKM budget and the unemployment and poverty levels in the research location. In the field context, budget disbursement and distribution does not occur directly, so several special stages are required in the process of distributing financial assistance to UMKM.

Based on East Java Governor Regulation Number 22 of 2022 concerning Procedures for Providing and Accounting for Subsidies, steps have been regulated in the process of disbursing subsidy spending for Business Entities. This process involves several stages, starting with the disbursement of funds based on requests which is carried out in stages in accordance with the agreements stated in the cooperation agreement. Business Entities are also required to complete and attach various required documents, including proposals, reports on the realization of subsidy expenditure, bank accounts of subsidy recipients, statements of willingness to be audited, details of subsidy expenditure bills, and so on (Governor of East Java, 2022).

Apart from that, the budget allocation for UMKM is not given directly to the beneficiaries, namely UMKM actors. This can be seen from each program which has activities and sub-activities with different budget allocations. The budget is only intended for implementing programs aimed at SMEs, with applicable terms and conditions. Based on the Government Agency Performance Report published by Diskop UKM in 2021 (LKjIP Diskop UKM, 2021), there are varying budget allocations in one program which is divided into several activities. For example, in the Cooperative Education and Training Program, there are four activities which include cooperative training for cooperatives operating in different areas in districts/cities in one province, increasing understanding and knowledge about cooperatives as well as the capacity and skills of human resources (HR) in cooperatives. , cooperative training for SMEs operating in different areas in districts/cities in one province, and increasing understanding and knowledge about cooperatives as well as the capacity and competency of human resources in SMEs. Even though all of these activities have the same goal of increasing understanding and knowledge and are driven by training facilitation for both cooperatives and SMEs, the proportion of budget allocations provided certainly has differences (Diskop Ukm.jatimprov, 2021).

For example, the budget allocation in the City of Surabaya in 2022. Based on the Public Information Services Performance Report (LKjIP) of the City of Surabaya (2022), in an effort to achieve the targets, goals and targets set for Small and Medium Enterprises (SMEs), several programs and activities have been implemented. One of them is the Facilitation Program for Micro Businesses to Become Small Businesses in the Development of Production, Processing, Marketing, Human Resources, and Design and Technology,

which has been participated in by 525 individuals. This number includes productive micro-entrepreneurs who have received training and business management support. It is important to note that the available budget is only used to carry out activities related to development, marketing, facilitation and empowerment for small and medium businesses (Diskop Ukm.jatimprov, 2022).

## CONCLUSION

The results of the study concluded that there was no influence between the use of the UMKM budget on the unemployment rate and poverty rate. In this situation, it is important to carry out an in-depth evaluation of UMKM policies, strategies and budget implementation to understand the factors that cause an increase in unemployment rates. A holistic approach is needed to overcome the challenges faced by the UMKM sector, such as increasing access to capital, providing human resource skills training in accordance with market needs, providing guidance in running a business, and advancing physical facilities that support economic development and opening up job opportunities. takes place over a continuous period of time

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