

# The Activity of Smes Female Entrepreneurs on Trade Sector and Its Impacts on the Economy of Palembang

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## ABSTRACT

This study aimed to determine the impacts of the activity of SMEs female entrepreneurs on the trade sector on the economy of Palembang. The variables used in this study were the number of SMEs female entrepreneurs, the number of SMEs female workforce, and the Gross Regional Domestic Product (GRDP) of Palembang. The population in this study was the number of SMEs registered on Cooperative and SMEs office industry in Palembang, they were 301 units. The sample used in this study was the SMEs female Entrepreneurs in Palembang which 66% was taken out of the SMEs population, they were 198 units. The statistical analysis used was SPSS version 22. The data analysis technique used multiple regression analysis and hypothesis testing. From the research results, the number of SMEs female entrepreneurs did not have effect on the GRDP of Palembang, and the number of female entrepreneur workforce did not have effect on the GRDP of Palembang.

**Keywords:** *The Number of SMEs Female Entrepreneurs, The Number of SMEs Female Entrepreneur Workforce, GRDP.*

## 1. BACKGROUND

The economic growth is a process of sustainable changing the economy of a country into a better condition during certain periods. The economic growth means the development of activities in the economy which causes the goods and services produced in society and to increase the prosperity of the community (Sukirno, 2000: 39).

Small, Medium Enterprises (SMEs) have a strategic role in the economic growth. Likewise, playing a role in the economic growth and absorbing labor, SMEs also play a role in the distribution of development results. In addition to their contribution to the Indonesian economy, SMEs are viewed as a reliable sector in facing the economic crisis. This was an evident when during the economic crisis in 1998, SMEs were still persistent, while many large businesses were bankrupt (Indonesian Economic & Small Medium Enterprises Outlook 2011). Furthermore, SMEs are a support for national economic growth and have a direct impact on the economic growth of developed or developing countries. With there is an increase in the productivity of SMEs, the growth of SMEs can be increased so that it can contribute to the economic growth.

Moreover, SMEs have an important role in helping solve the problems of unemployment, poverty alleviation and equal distribution of income so that the main problem in developing SMEs is how to increase the business scale so that its ability to create adding value increases constantly. In this way, the scale of the business increases and its contribution to GDP also increases. Given the strategic role of SMEs and the limited ability of SMEs to develop, then the development of small businesses is one of the strategies taken by Government in economic growth.

The government of Palembang encourages small and medium enterprises (SMEs) to develop and be competitive to the international level. Assistance and coaching programs to motivate SMEs spread across eighteen districts have been implemented.

The Cooperatives, Small and Medium Enterprises (SMEs) industry office of Palembang noted that the growth of small and medium enterprises (SMEs) in this city has continued to increase since 2010 with an average of 4.8% per year. Then, as we know that SMEs face many problems. The ability of the most affected SMEs is the lack of SMEs owner managers. The capacity of management owners of the company manager is needed

mainly in dynamic environmental changes, market environmental changes, technology and competition by offering extraordinary opportunities assumed to save costs and accelerate production processes.

According to Hanoebon and Sasongko (2012), it is clear that the number of SMEs in Indonesia show that female as SMEs actors has a significant number. Although the data regarding female's involvement in micro, small and medium enterprises are still very minimal, it is believed that based on the facts found in the field, it is known that the majority of SMEs are run by women, especially in home industrial businesses managed by households.

Various studies relating to the number of SMEs to GDP include Mahardea (2016) which the results showed that the number variable of SMEs units had a positive and significant effect on economic growth in Indonesia. Then, the research conducted by Raselawati (2011) revealed that the number of SMEs had a positive and significant effect on Indonesia's economic growth.

Another factor that influences gross domestic products is workforce. Workforce are viewed as a production factor which is capable of increasing the use of other production factors (cultivating land, utilizing capital, et cetera.) so that companies see workforce as an investment issue and many companies provide education to employees as a form of workforce capitalization. To overcome the balance between supply and demand for workforce, one of the objectives of national development is the expansion of job opportunities through increasing investment.

Various studies related to the effect of the number of workforce on GDP include Dewi Maharani (2016) which her research showed that labor force has a positive effect on Gross Regional Domestic Products (GRDP) in North Sumatra. Then Agus Sulaksono (2015) the results of his research showed that the labor force in the mining sector had a positive effect on Gross Regional Domestic Products of the Non-Oil and Gas Mining Sectors in Indonesia.

Based on the background description above, the researcher was interested in carrying out a research entitled "the activity of SMEs female entrepreneurs on Trade sector and the impacts on the economy of Palembang".

### **1.1. Formulation of the Problem**

The main problems discussed in this research were:

1. Did the number of SMEs female entrepreneurs partially affect the Gross Regional Domestic Product (GRDP) of Palembang?

2. Did the number of SMEs female entrepreneur workforce partially affect the Gross Regional Domestic Product (GRDP) of Palembang?

3. Did the number of SMEs female entrepreneurs and the SMEs female entrepreneur workforce simultaneously affect the Gross Regional Domestic Products (GRDP) of Palembang?

### **1.2. Research purposes**

The aims of conducting this research were to find out and analyze:

1. The effect of the number of SMEs female entrepreneurs partially on the Gross Regional Domestic Product (GRDP) of Palembang.

2. The effect of the number of SMEs female entrepreneur workforce partially on the Gross Regional Domestic Product (GRDP) of Palembang.

3. The effect of the number of SMEs female entrepreneurs and SMEs female entrepreneur workforce simultaneously on the Gross Regional Domestic Products (GRDP) of Palembang.

## **2. LITERATURE REVIEW**

### **2.1 Small and Medium Enterprises (SMEs)**

In accordance with Law Number 20 of 2008 about Small and Medium Enterprises, SMEs are defined as follows:

1. A micro business is a productive business owned by an individual and / or an individual business entity that fulfills the criteria for Micro-business as regulated in this Law.

2. Small Business is an independent productive economic enterprise, which is carried out by an individual or a business entity that is not a subsidiary or not a branch of a company that is owned, controlled, or is either a direct or indirect part of a Medium or Large Business which meets the criteria for Small Business as meant in this Law.

3. Medium Enterprise is an independent productive economic enterprise, which is carried out by individuals or business entities which is not subsidiaries that is owned, controlled, or is part of either direct or indirect part of Small or Large Businesses with the amount of net assets or annual sales proceeds as regulated in this law.

### **2.2. Labor**

Definition of workforce according to Law No. 13 of 2003 Article 1 paragraph 2 states that labor force is anyone who is able to do working to produce goods and /

or good services to meet the needs of both for oneself and for society.

In Law No. 13 of 2003 stipulates that the use of term of workforce is always followed by the term labor which indicates that this Law means the same term. In Article 1 point 3 of Law No. 13 of 2003 concerning workforce, gives the definition of workforce / laborer is anyone who works by receiving wages or rewards in other forms.

### **2.3. Gross Domestic Product (GDP)**

According to Sukirno (2015: 34) gross domestic product (GDP) is the total production (output) produced by the government. GDP is the value of goods and services produced in a country in a certain period. Gross domestic product is a concept in the calculation of national income.

According to McEachern Gross Domestic Product (GDP) (2010: 146) is that Gross Domestic Product / GDP means measuring the market value of the final goods and services produced by resources that exist in a country for a certain period of time, usually for one year. GDP can also be used to study the economy from time to time or to compare several economies at a time.

Gross Domestic Product or GDP is the most concerned economic statistics because they are considered the best single measure for the welfare of society. The fundamental thing is that GDP measures two things at the same time: the total income of everyone in the economy and the total expenditure of a country on buying goods and services from the economy. The reason of GDP can measure total income and expenditure is because of the overall economy, the income must be equal with the expenditure (Mankiw, 2016: 5)

### **2.4. Previous Research**

Anita Fauziah (2015) conducted research on the effect of the number of workforce, export, investment and credit, banking sector, agriculture, on Gross Regional Domestic Product (GRDP), the agricultural sector of Aceh province. The results showed that both the number of workforce in the agricultural sector, the export value of the agricultural sector, investment in the agricultural sector and agricultural banking credit had effect partially and simultaneously on the Gross Regional Domestic Product (GRDP) of the Aceh agricultural sector.

Mahardea Puspa Senja (2016) conducted a study on the analysis of the influence of the Number of SMEs, the Number of SMEs workforce, SMEs Export and SMEs Investment on Indonesian Economic Growth. This research aimed to see the effect of the number of SMEs unit, the SMEs workforce, the SMEs export value and the SMEs investment value on Indonesia's economic growth

in the 2003-2012. The calculation results from the panel data regression in this study showed that the variables of the number of SMEs unit and the SMEs investment value had a positive and significant effect on economic growth in Indonesia, while the variables of SMEs workforce and the SMEs export value had no effect on economic growth in Indonesia.

Neni Rohmatul Jannah (2017) conducted research on the effect of Community Business Credit (KUR), SMEs turnover, number of workforce, and the number of SMEs on the processing industrial sector on GRDP in Central Java. The research used secondary data obtained from Bank of Indonesia and Central Bureau of Statistics 2011 term 1 to 2016 term 4. The result of multiple linier regression test was the variable of KUR realization had a significant effect on variable of processing industrial sector on GRDP in Central Java. Then, the variable of SMEs turnover had a significant effect on the variable of processing industry sector on the GRDP in Central Java. The variable of the number of workforce and SMEs had a significant influence on the processing industry sector on GRDP in Central Java. The realization variables of KUR, SMEs turnover, number of workforce and number of SMEs all together affected significantly on the processing industrial sector on GRDP in Central Java.

Pradnya Paramita Hapsari, Abdul Hakim, and Saleh Soeaidy (2014) conducted a study on the influence of small and medium enterprises (SMEs) growth on Regional Economic Growth (Studies in Government of Batu). From the result of panel regression testing together, it was found that the empowerment of SMEs had a significant effect on regional economic growth in Batu. And from the results of the partial test, the variables of the number of SMEs and the number of SMEs workforces had no significant effect on economic growth in Batu, while for the variables of SMEs capital and SMEs profit had a significant effect on economic growth in Batu.

Vina Kurniawati, M. Pudjihardjo, and Rachmad Kresna Sakti (2018) conducted research on the analysis of the effect of the number of workforce, the export value and investment value in the processing industry on economic growth in District of Lumajang. The research was carried out in Lumajang with the subject of processing industries. The data used were secondary data from 2015 to 2019 which consisted of the number of workforce, the export value and the investment value of the wood processing industry and the food processing industry. The analysis of this research was a quantitative descriptive using the Panel Data Regression method. The number of workforce, the export value and the investment value in the wood processing industry using the fixed effect model had a positive effect on economic growth in Lumajang. For the food processing industry, it was found that the variable of the number of workforce had a

negative effect and had no effect on economic growth, while for the export value and the investment value in the food processing industry had a positive effect on economic growth.

**3. RESEARCH METHODS**

**3.1. Type and Sources of Data**

The types and sources of data collected in this study were secondary data based on time series which data were from 10 years, the period 2010 to 2019. The data sources in this study were obtained from reports published by the Central Bureau of Statistics (BPS) Palembang and other related agencies.

**3.2. Object of Research**

This research used factors that could affect the Gross Regional Domestic Product (GRDP) of Palembang, such as:

1. Factors on the number of SMEs female entrepreneurs in Palembang
2. Factors of the number of SMEs female entrepreneur workforce of SMEs in Palembang

**3.3. Variables and Operational Definitions of Variables**

There were two independent variables and one independent variable in this study. The two main research variables were the number of SMEs, the number of workforce, the investment value and the export value, while one independent variable was the gross domestic product (GDP). The explanation of the variables: the operational variables, the number of SMEs, the number of workforce, and the gross domestic product (GDP) could be seen in the following table.

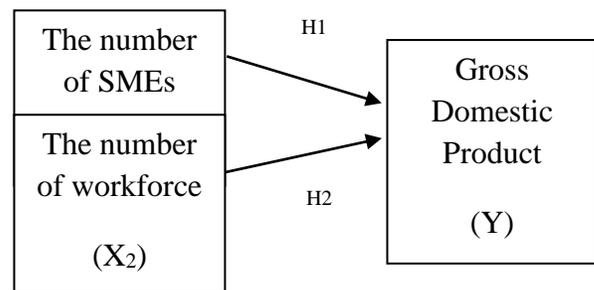
**Table 1.** Research Operational Variables

No	Variable	Indicator	Measure Scale
1	The number of SMEs	The number of productive business units that were established as either individuals or business entities in all economic sectors in Palembang which were managed by women	Nominal
2	The number of	The number of workforce producing goods and / or services	Nominal

	workforce	both to meet the needs of him/herself and the community in Palembang	
3	Gross Regional Domestic Product (GRDP)	Total production (output) produced by the Government of Palembang	Nominal

**3.4. Research Frameworks and Hypotheses**

To illustrate the effect of the number of SMEs and the number of workforce, on the Gross Domestic Product (GDP) of Palembang, it could be seen in the following framework figure:



**Figure 1.** Framework

Based on previous theoretical descriptions and research, the hypothesis in this study could be described as follows:

1. Ho: The number of SMEs female entrepreneurs partially did not affect the Gross Regional Domestic Product (GRDP) of Palembang  
 Ha: The number of SMEs female entrepreneurs partially affected the affect the Gross Regional Domestic Product (GRDP) of Palembang
2. Ho: The number of SMEs women entrepreneur workforce partially did not affect the Gross Regional Domestic Product (GRDP) of Palembang  
 Ha: The number of SMEs women entrepreneur workforce partially affected the Gross Regional Domestic Product (GRDP) of Palembang

**3.5. Data collection technique**

The documentation data used regarding the number of SMEs, the number of workforce, and the Gross Regional Domestic Product (GRDP) were obtained from published reports by the Central Bureau of Statistics (BPS) Palembang and other related institutions.

**3.6. Population and Sample**

Population is the entire group of people, events, or interests that the researcher wants to investigate (Sekaran, 2006). The population in this study was the number of SMEs registered at the Cooperative and SMEs Industry Office Palembang, which were 301 units.

The sample is a division of the number and characteristics possessed by the population (Arikunto, 2014: 91). The sample used in this research was SMEs female entrepreneurs in Palembang which was taken 60% out of the SMEs population, they were 198 units.

**3.7. Data Analysis Method**

**3.7.1. Multiple Regression Analysis**

The statistics used was the multiple regression with the aim of predicting whether the number of SMEs and the number of workforce simultaneously had an effect on the Gross Regional Domestic Product (GRDP) of Palembang, where the equation was as follows:

$$Y = a + b_1 x_1 + b_2 x_2 + e$$

Where:

Y = Gross Regional Domestic Product

a = Constant

b = Coefficient of Regression

X<sub>1</sub> = Number of SMEs

X<sub>2</sub> = Number of workforce

e = Error

**3.7.2. Hypothesis Testing**

**3.7.2.1 Test of Significance of Individual Parameters**

This hypothesis testing aimed to determine the effect and significance of each independent variable on the dependent variable using t-test at the 95% confidence level and the analysis error rate (α) 5%.

The determination to find out whether the hypothesis is accepted or rejected was:

- a. Probability value (p) > 0.05 then H<sub>a</sub> rejected. This means there was no partial effect of independent variables on dependent variable.
- b. Probability value (p) < 0.05 then H<sub>a</sub> accepted. This means that there was a partial effect of the independent variables on the dependent variable.

**3.7.2.2. F Statistical Test**

This test was carried out to find out whether the regression model was able and feasible to use to predict the allocation of the Capital Expenditure budget or it could be said that all independent variables simultaneously had a significant effect on the dependent variable. This hypothesis testing was carried out at the 95% confidence level and the analysis error rate (α) 5%.

The basis for making decision was:

- a. If Sig < 0.05 then: H<sub>a</sub> rejected means the effect of independent variables on dependent variables simultaneously.
- b. If Sig > 0.05 then: H<sub>a</sub> accepted, meaning that there was no effect of independent variables on dependent variables simultaneously.

**4. RESULTS AND DISCUSSION**

**4.1. Descriptive Statistics**

**Table 2.** Descriptive Statistics

	Mean	Std. Deviation	N
GRDP (Y)	48242.4300	42330.78854	10
Number SMEs (X <sub>1</sub> )	140.8000	44.95628	10
The number of workforce (X <sub>2</sub> )	442.3000	203.69533	10

- a. The average of predictive variables of the number of SMEs (X<sub>1</sub>), the number of SMEs workforce (X<sub>2</sub>) and GRDP (Y) each was 48242.4300, 140,8000; and 442,3000.
- b. The standard deviation values for the variable of number of SMEs (X<sub>1</sub>), the number of SMEs workforce (X<sub>2</sub>) and GRDP (Y) was each 42330.78854; 44.95628; and 203,69533.

c. The amount of data (N) was 10.

X <sub>2</sub>	10	10	10
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**4.2. Residual Statistics**

**Table 3. Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	4258.2422	90357.7344	48242.4300	28319.42830	10
Residual	-35090.91406	48826.89063	.00000	31462.76592	10
Std. Predicted Value	-1.553	1.487	.000	1.000	10
Std. Residual	-.984	1.369	.000	.882	10

a. Dependent Variable: GRDP

This section provided an explanation regarding the predicted minimum value of Y was 4,258,2422; the predicted maximum value of Y was 90,357.7344; The average of predicted Y was 48,242,4300.

**4.3. Correlation Test**

The correlation section provided information related the relationship between variables: Number of SMEs (X<sub>1</sub>), the number of Workforce (X<sub>2</sub>), and GRDP (Y).

**Table 4. Correlations**

		Y	X <sub>1</sub>	X <sub>2</sub>
Pearson Correlation	Y	1.000	-.631	-.669
	X <sub>1</sub>	-.631	1.000	.941
	X <sub>2</sub>	-.669	.941	1.000
Sig. (1-tailed)	Y	.	.025	.017
	X <sub>1</sub>	.025	.	.000
	X <sub>2</sub>	.017	.000	.
N	Y	10	10	10
	X <sub>1</sub>	10	10	10

a. The relationship value between the variables X<sub>1</sub> and Y was -0.631. The negative correlation coefficient (0.631) showed that the relationship between X<sub>1</sub> and Y was unidirectional. This meant that if variable X<sub>1</sub> increased, variable Y decreased, and vice versa if variable Y increased, then variable X<sub>1</sub> decreased.

b. The relationship between the variables Y and X<sub>1</sub> was significant if it was seen from the number 0.025 which was smaller than 0.05. If the significance value <0.05, then the relationship between the two variables was significant.

c. The relationship value between the variables X<sub>2</sub> and Y was -0.669. The negative correlation coefficient (0.669) indicated that the relationship between X<sub>2</sub> and Y was unidirectional. This meant that if the variable X<sub>1</sub> increased, the variable Y decreased, and vice versa if the variable Y increased, then the variable X<sub>2</sub> decreased.

d. The relationship between the variables Y and X<sub>1</sub> was significant if it was seen from the number 0.017 which was smaller than 0.05. If the significance value <0.05, then the relationship between the two variables was significant.

**4.4. Coefficient of Determination**

**Table 5. Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.669 <sup>a</sup>	.448	.290	35675.42322	.876

a. Predictors: (Constant), X<sub>1</sub>, X<sub>2</sub>

b. Dependent Variable: Y

The value of R square in the table was 0.448. The number of R square was also as the coefficient of determination, which was 0.448 or 44.8%. This figure meant that 44.8% of the GRDP of Palembang (Y) could be explained by using the variables of the number of SMEs female entrepreneurs (X<sub>1</sub>), and the number of SMEs female entrepreneur workforce (X<sub>2</sub>).

**4.5. Anova**

**Table6 . ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	7217910171.621	2	3608955085.810	2.836	.125 <sup>b</sup>
Residual	8909150751.940	7	1272735821.706		
Total	16127060923.561	9			

a. Dependent Variable: Y

b. Predictors: (Constant), X<sub>2</sub>, X<sub>1</sub>

ANOVA test resulted in an F number was 2.836 with a significant level was 0.125 (greater than 0.05), which meant that X<sub>1</sub> and X<sub>2</sub> together had no effect on Y.

**4.6. Regression Coefficient**

**Table 7. Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	110270.317	47571.682		2.318	.054
X <sub>1</sub>	-10.973	783.596	-.012	-.014	.989
X <sub>2</sub>	-136.746	172.942	-.658	-.791	.455

a. Dependent Variable: Y

This section described the regression equation to find the number of constant and significance hypothesis test of the regression coefficient. The equation of progression was:

$$Y = a + b_1 x_1 + b_2 x_2$$

Where:

Y = GRDP of Palembang

X<sub>1</sub> = Number of SMEs female entrepreneurs

X<sub>2</sub> = Number of SMEs female entrepreneur workforce

a = the constant number of unstandardized coefficient in this study was 110,270,317. The number was in the form of a constant which meant the value of Y when the values of X<sub>1</sub> and X<sub>2</sub> were equal to 0.

b<sub>1</sub> = the number of regression coefficient -10.973. Meaning that if the number X<sub>1</sub> was added, then, Y decreased 10.973.

b<sub>2</sub> = the number regression coefficient -136,746. It meant that if the number X<sub>2</sub> increased, then Y decreased 136,746.

Thus, the equation was:

$$Y = 110,270,317 - 10,973X_1 - 136,746X_2$$

To find out whether the regression coefficient was significant or not, the t-test was carried out to test the significance of the constant and Y was used as predictors for variables X<sub>1</sub> and X<sub>2</sub>.

1) Make the following hypothesis:

H<sub>0</sub> = insignificant regression coefficient

H<sub>a</sub> = significant regression coefficient

2) Calculating the t-table value with the following conditions:

$$\alpha / 2 = 0.05 / 2 = 0.025$$

degree of freedom (DF) = the number of data - 2 = 10 - 2 = 8. With these determinations, we get t from the t table was 1.85955

3) Determining criteria based on existing rules as follows:

- a. If t count (to) < t table, then Ho was accepted Ha was rejected
- b. If t count (to) > t table, then Ho was accepted Ha was rejected

Based on the t table value obtained, there were:

- a. T count for variable X<sub>1</sub> -0.014 < t table 1.85955 which meant that the regression coefficient was not significant.
- b. T count for variable X<sub>1</sub> -0.791 < t table 1.85955 which meant that the regression coefficient was not significant.

The hypotheses in this study were as follows:

H<sub>1</sub> = The number of SMEs (X<sub>1</sub>) female entrepreneurs had an effect on the Gross Regional Domestic Product (GRDP) of Palembang.

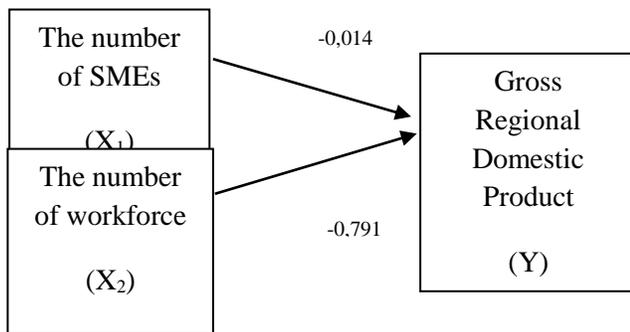
Based on the results of the t-test count for variable -0.014 < 1.85955 which meant that the regression coefficient was not significant. This

meant that the first hypothesis proposed was rejected.

H<sub>2</sub> = The number of SMEs female workforce (X<sub>2</sub>) had no effect on the Gross Regional Domestic Products (PDRB) of Palembang.

Based on the results of the t-test count for variable  $-0.791 < 1.85955$  which meant that the regression coefficient was not significant. This meant that the second hypothesis proposed was accepted.

Visually, the effect of the number of SMEs female entrepreneurs (X<sub>1</sub>) and the number of SMEs female workforce (X<sub>2</sub>) on Gross Regional Domestic Products (Y) could be seen in the following figure:



**Figure 2.** The effect of the Number of SMEs female entrepreneurs (X<sub>1</sub>) and the Number of SMEs female entrepreneurs workforce (X<sub>2</sub>) on Gross Regional Domestic Products (Y)

**4.7. Discussion**

There was also an impact of the number of SMEs female entrepreneurs and the number of SMEs female entrepreneur workforce on the GRDP of Palembang, it could be seen in the following equation:

$$Y = 110,270,317 - 10,973X_1 + -136,746X_2$$

The GRDP of Palembang was obtained 110,270,317 with the assumption that if the number of SMEs female entrepreneurs decreased 10.973 and the number of SMEs female entrepreneur workforce decreased 136.746.

This research was in line with the research conducted by Mahardea Puspa Senja (2016) whose research was on the analysis of the effect of the number of SMEs, the number of SMEs workforce, SME export and SMEs investment on Indonesian economic growth. The result of regression calculation of panel data in this research showed that variable of the number of SMEs unit had positive and significant effect on the economic growth in Indonesia, while variable of SMEs workforce did not affect the economic growth in Indonesia.

This research was also similar with the research of Pradnya Paramita Hapsari, Abdul Hakim, and Saleh Soeaidy (2014) who conducted research on the influence of Small and Medium Enterprise (SMEs) growth on Regional Economic Growth (Studies in government of Batu). From the result of the partial test of the number of SMEs and SMEs workforce variables, there was no significant effect on economic growth in Batu, while for the SMEs Capital and SME Profit variables, it was found that there was a significant effect on economic growth in Batu.

However, this research was not in line with the research by Neni Rohmatul Jannah (2017). The research was on the effect of Community Business Credit (KUR), SMEs turnover, the number of workforce, and the number of SMEs on the processing industry sector in GRDP in Central Java. The results of the test with multiple linear regression of the number of workforce and the number of SMEs variables had a significant effect on the processing industry sector on GRDP in Central Java.

This research was also not similar with the research by Vina Kurniawati, M. Pudjihardjo, and Rachmad Kresna Sakti (2018) who conducted research on the analysis of the effect of the number of workforce, the export value and the investment value in the processing industry on economic growth in District of Lumajang. The number of workforce, the export value and the investment value in the wood processing industry had a positive effect on economic growth in Lumajang.

SMEs have an important role in helping solve the problems of unemployment, poverty alleviation and equal distribution of income so that the main problem in developing SMEs is how to increase the business scale so that its ability to create adding value increases constantly. Therefore, the scale of the business increases and its contribution to GDP also increases. Given the strategic role of SMEs and the limited ability of SMEs to develop, then the development of small businesses is one of the strategies taken by the Government in economic growth. The Government of Palembang should further encourage SMEs actors and their products to develop and compete at international levels

**5. CONCLUSIONS AND SUGGESTIONS**

**5.1. Conclusions**

1. The number of SMEs female entrepreneurs had no effect on the GRDP of Palembang.
2. The number of SMEs female entrepreneur workforce had no effect on the GRDP of Palembang.

## 5.2. Suggestions

1. The government must make better empowerment to improve the competitive power of the SMEs sector so that it can facilitate the SMEs sector to make more impact on the GRDP.
2. Increasing the skills of the workforce must also be on priority in order to obtain qualified products which have high competitive level as well. In the future it will help reduce existing unemployment so that it can increase welfare in the SMEs field.

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