The Effectiveness of The Revolving Fund Program of The Cooperative and SME Office of East Java Province through Bank MSMEs BPR Jombang Branch on The Income and Welfare of MSMEs

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Abstract: The problem of MSME fund capitalization is a serious problem and requires the right solution. One of the efforts of the government and stakeholders to accelerate sustainable economic recovery amid the Covid-19 pandemic and to increase the productivity of MSMEs is to expand access to financing through optimizing the distribution of revolving fund credit programs for micro, small and medium enterprises. This research is quantitative research. The research data is primary, namely the scale of the questionnaire for customers and secondary, namely data belonging to Dinkop-UKM. Data analysis techniques through descriptive analysis, effectiveness analysis and simple linear regression analysis. The results of this study are: 1) the effectiveness of the Dinkop-UKM revolving fund program through the Jombang branch of the MSMES BPR Bank affects the income of MSMEs, 2) the effectiveness of the Dinkop-UKM revolving fund program through the Jombang branch of the MSMES BPR Bank affects the improvement of MSME welfare, and 3) the income of MSMEs receiving Dinkop-UKM revolving funds through the Jombang branch of the MSMES BPR Bank affects the improvement of MSME welfare.

Introduction

The role of MSMEs (Micro, Small and Medium Enterprises) in national economic development encounters problems that hinder business development. The main problem of MSMEs is business capitalization. Many MSMEs have not yet secured loans from banks, MSMEs do not know how to obtain funds or capital from sources other than banks, and capital is not available when there are orders (Zia, 2020). MSME capital is an acute problem that is almost found in all MSME sectors. In addition to business capital, MSMEs also experience obstacles in production and marketing managerial issues. The majority of MSMEs carry out production and marketing processes less optimally. MSMEs carry out production and marketing with limited access and information, making it difficult to develop.

The income and welfare of MSMEs are directly proportional to the smoothness of business capital sources. Reviewing the condition of MSMEs during the entry of Covid-19,

MSMEs experienced difficulties in business capitalization (Soleha, 2020). These capital difficulties have an impact on significant changes in income or turnover. Katadata Insight Center reported that 63.9 percent of businesses experienced a decrease in turnover of more than 30% of revenue before the Covid-19 pandemic.
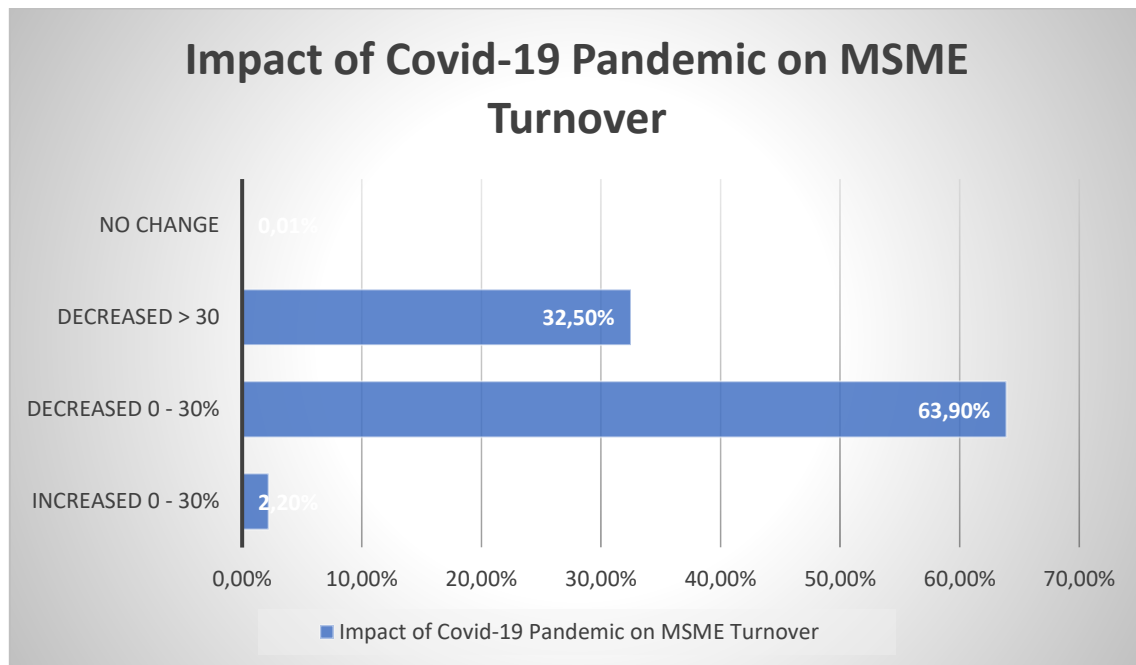

Figure 1: Impact of the pandemic on MSME turnover
Source: Katadata Insight Center (KIC)

The graph above shows the gap between increasing and decreasing MSME revenues. MSME turnover increased for only 2.2 percent of businesses. This is much different from MSMEs that experienced a decrease in income, either by less than 30% or more than 30%. This figure shows that the constrained business capital during the entry of Covid-19 also had an impact on MSME income.

The difficulty of business capital during the Covid-19 period also had an impact on the welfare of MSMEs. Welfare is an equation of life that is a level higher than the previous life. (Srijani, 2020). During the Covid-19 period, the welfare of MSMEs was reduced because they experienced conditions that were lower than the previous life or year. The decline in MSME welfare can be seen from the business conditions before the entry of Covid-19 and after the entry of Covid-19. A total of 56.8 percent of MSMEs are in poor/very poor business conditions compared to before the entry of Covid-19. A more complete comparison of MSME business conditions in the following graph which is sourced from the 2020 Katadata Insight Center (KIC) survey.

The graph above shows the welfare of MSME business conditions before and during the impact of Covid-19. The welfare conditions of MSMEs are divided into 3 areas, namely very bad, ordinary and very good/good conditions. The condition of MSMEs was very bad when the Covid-19 pandemic entered dramatically, from 1.0 percent to 56.8 percent. The condition of ordinary MSMEs also increased quite drastically, from only 6.3 percent to 29.1 percent. In contrast, the condition of MSMEs that are very good/good decreased very significantly, with an initial percentage of 92.7 percent to only 14.1 percent. This data shows that the influence of business capital in MSMEs also affects the level of welfare of business conditions.
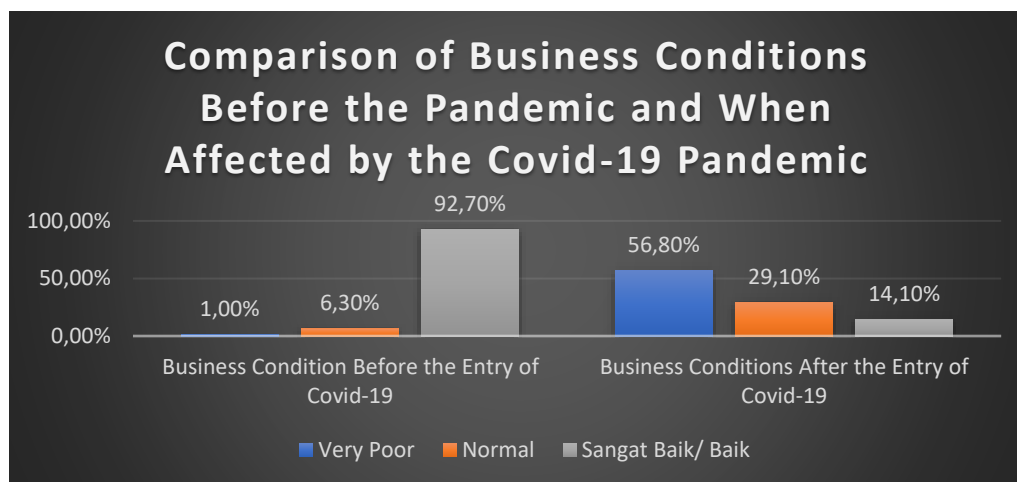
Figure 2. Comparison of Business Conditions Before the Pandemic and During the Pandemic.
Source: Katadata Insight Center (KIC)

The problem of MSME fund capitalization is a serious problem and requires an appropriate solution. These problems can be resolved with the cooperation of all elements of society. Stakeholders, communities and MSME actors together focus on overcoming these problems. The three positions have their respective portions. Stakeholders as policy holders can formulate policies that facilitate the flow of MSME business capital. The public can have awareness and pride in local MSME products so that economic activity increases. MSME actors must play a proactive and creative role in developing themselves and their businesses.

One of the efforts of the government and stakeholders to accelerate sustainable economic recovery amid the Covid-19 pandemic and to increase the productivity of MSMEs is to expand access to financing through optimizing the distribution of revolving fund credit programs for micro, small and medium enterprises. Reporting from the website of the Ministry of Finance (Kemenkeu), revolving funds are funds allocated by State Ministries / Institutions / Public Service Agency Work Units for business capital strengthening activities for cooperatives, micro, small and medium enterprises and other businesses under the guidance of the Ministry of State / Institution. The revolving fund program on a national scale has been running for 16 years since 2008. The Office of Cooperatives and SMEs of East Java Province (Diskop-UKM Jatim) plays an active role in the revolving fund program with a credit system. Diskop-UKM East Java provides credit at low interest rates to Bank BPR Jatim-Bank MSMES East Java, which is sourced from the provincial budget.

The distribution through the Jombang branch of Bank BPR MSMES to local MSMEs is going well. Bank MSME BPR Jombang is also the largest recipient of MSME customers compared to other regions in East Java. Based on the 2023 Dagulir recap, of the 21 MSMEs that applied for Dagulir credit, only 2 units had bad status and 19 had paid off status. This study aims to analyze the effectiveness of the revolving fund program on the income and welfare of Jombang MSMEs that apply for dagulir credit through the Jombang branch of BPR MSMES. Therefore, it is necessary to know first the relationship between revolving funds with income and improving the welfare of MSMEs. Followed by an analysis of the effectiveness of revolving funds on income and improving the welfare of MSMEs based on the reality that occurs in the field.

In the context of the Dinkop-SMEs Revolving Fund channeled through the Jombang branch of the BPR MSMES Bank, as a government program, it is necessary to know whether the program is effective. Whether a program is effective or not can be determined through the understanding of program implementers and program targets. (Fauziah, 2022). e program

implementer in this program is the government, represented by the East Java Province Cooperative and SME Office. The targets of the program are MSMEs that become dagulir customers at the Jombang branch of MSMES BPR. In measuring the effectiveness, specific indicators are used. Sutrisno (2010) explains that there are five indicators that a program can be called effective, namely 1) Understanding of the program, 2) Target accuracy, 3) Timeliness, 4) Achievement of goals, and 5) Real changes.

Buwana (2018) shows the effectiveness of the BKAD revolving fund program in increasing community income. The BKAD revolving fund program has proven effective in increasing the business income of the poor in Sleman Regency. Four business groups, namely agriculture, trade, fisheries and livestock, had an average income before receiving the revolving loan that was different from the income after receiving the revolving loan. Dagulir for cooperative business development in Semarang City also showed similar results. Research by Hidayat (2016) shows that the revolving fund program is effective for cooperatives in Semarang City because cooperatives that receive loans still benefit from this revolving fund.

In other studies, the effectiveness of revolving funds shows the opposite result. Revolving funds do not significantly affect the income of MSME actors in Denpasar City through production volume (Wirawan, 2015). This phenomenon is because the revolving funds provided by the government do not necessarily increase the income of MSME actors through production volume. The reason is that revolving funds are not only used to purchase raw materials and production process needs, but also to increase production equipment, labor and other supporting facilities.

Departing from the existence of several differences in the final results of research on the effectiveness of the Revolving Fund program for MSMEs, the researcher decided to focus on this scope of study, by digging deeper into how the effectiveness of the revolving fund of the East Java Province Cooperative and UKM Office through the Jombang Branch BPR MSMES Bank on Income and Improvement of MSME Welfare. The hope of the results of this study can be a good literature reference for the East Java Province Cooperative and SME Office and even for MSMEs who revolving fund customers and other researchers in the future are.

The problem formulations in this study are: 1) Does the effectiveness of the revolving fund program of the Office of Cooperatives and SMEs of East Java Province through the Jombang Branch of MSMEs BPR affect the income of MSMEs 2) Does the effectiveness of the revolving fund program of the Office of Cooperatives and SMEs of East Java Province through the Jombang Branch of BPR MSMES affect the improvement of the welfare of MSMEs 3) Does the income of MSMEs receiving revolving funds from the Office of Cooperatives and SMEs of East Java Province through the Jombang Branch of MSMEs BPR affect the improvement of the welfare of MSMEs. This research has benefits in contributing to the science of Economics, especially in the Revolving Fund of the Cooperative and SME Office of East Java Province, MSME income and improving the welfare of MSMEs.

Research Methods

The type of research used in this study is quantitative research. Quantitative research is a systematic investigation of a phenomenon by collecting data that can be measured using statistical, mathematical or computational techniques (Priadana & Sunarsi, 2021). This research uses publicly accessible Dinkop-UKM revolving fund data in order to determine the effectiveness of the program. The objectives and data of this study are in accordance with the objectives of quantitative research. The data used are primary data and secondary data. Primary data is obtained by distributing questionnaires to business groups who are customers

of the East Java Dinkop-UKM Revolving Fund through the Jombang branch of the BPR MSMES Bank. Secondary data is obtained from the Office of Cooperatives and SMEs of East Java Province which contains the state of MSME customers of the Jombang branch of BPR MSMES Bank. Data was taken during the period July 2023. The data from the distribution of questionnaires were then analyzed, but previously the validity and reliability of the research instruments were determined.

The population in this study were 21 customers of the East Java Dinkop-UKM Revolving Fund through the Jombang branch of the MSMES BPR Bank. The sample used in this study is all business owners who are recipients of the East Java Dinkop-UKM Revolving Fund program through the Jombang branch of the BPR MSMES. The number of samples taken was 21 respondents who were members of the East Java Dinkop-UKM Revolving Fund customers through the Jombang branch of the BPR MSMES Bank. The research instrument is a scale. This study uses three scales, namely the program effectiveness scale, the MSME income scale and the MSME welfare improvement scale. Data analysis using simple linear regression analysis with the IBM SPSS 16.0 for windows program, descriptive analysis and analysis of program effectiveness.

Result and Discussion
Description of Data on Revolving Fund Program Effectiveness Variables (X)

The effectiveness of the revolving fund program from the East Java Province Office of Cooperatives and SMEs (Dinkop-UKM) channeled through the Jombang branch of Bank BPR MSMES was measured using Sutrisno's (2010) program effectiveness scale. There are five indicators to determine the effectiveness of this program, namely 1) program understanding, 2) accuracy of targeting, 3) timeliness, 4) achievement of goals, and 5) real change. The results of the five indicators are explained as follows:

1) The effectiveness of the Revolving Fund Program (X) in terms of understanding the program

Based on the review of the highest value, lowest value, and length of the interval class, the frequency distribution of program effectiveness from the program understanding indicator can be arranged as follows:

Table 1. Frequency Distribution of Program Effectiveness in terms of Targeted Ness indicator

Interval Class	Category	Frequency	Percentage
20-24	Very High	20	95%
15-19	High	1	5%
10-14	Medium	0	0%
6-10	Low	0	0%
Total		21	100%

Source: data processed by researchers, 2024

Based on table 1, it can be seen that the effectiveness of the program from the indicator of understanding the Jombang branch of the BPR MSMES Bank customer program as a recipient of the Revolving Fund credit from the Office of Cooperatives and SMEs of East Java Province from a total of 21 respondents, as many as 20 customers or as many as 95% were right on target as recipients of the Revolving Fund of the Office of Cooperatives and SMEs of East Java Province with a very high value. A total of 1 customer or as much as 5% is right on target as a recipient of the Revolving Fund of the East Java Province Cooperative and SME

Service with a high value. From the table above, it is also known that there are no customers on target as credit Revolving Funds of the Cooperative and SME Service of East Java Province in the medium or low category. Therefore, it can be concluded that the accuracy of the target of the Revolving Fund credit of the East Java Provincial Office of Cooperatives and SMEs to customers of the Jombang branch of the MSMEs BPR Bank is in the very high and high categories.

2) The effectiveness of the Revolving Fund Program (X) in terms of target accuracy

Based on the review of the highest value, lowest value, and length of the interval class, the frequency distribution of program effectiveness from the program understanding indicator can be arranged as follows:

Table 2. Frequency Distribution of Program Effectiveness in terms of Targeting indicators

Interval Class	Category	Frequency	Percentage
20-24	Very High	20	95%
15-19	High	1	5%
10-14	Medium	0	0%
6-10	Low	0	0%
Total		21	100%

Source: data processed by researchers, 2024

Based on table 2, it can be seen that the effectiveness of the program from the indicator of understanding the Jombang branch of the BPR MSMEs Bank customer program as a recipient of the Revolving Fund credit from the East Java Province Cooperative and UKM Office from a total of 21 respondents, as many as 20 customers or as many as 95% were right on target as recipients of the Revolving Fund of the East Java Province Cooperative and UKM Office with a very high value. A total of 1 customer or as much as 5% is right on target as a recipient of the Revolving Fund of the East Java Province Cooperative and SME Service with a high value. From the table above, it is also known that there are no customers on target as credit Revolving Funds of the Cooperative and SME Service of East Java Province in the medium or low category. Therefore, it can be concluded that the accuracy of the target of the Revolving Fund credit of the East Java Provincial Office of Cooperatives and SMEs to customers of the Jombang branch of the BPR MSMEs Bank is in the very high and high categories.

3) The effectiveness of the Revolving Fund Program (X) in terms of timeliness

Based on the review of the highest value, lowest value, and length of the interval class, the frequency distribution of program effectiveness from the program understanding indicator can be arranged as follows:

Table 3. Frequency Distribution of Program Effectiveness in terms of Timeliness indicator

Interval Class	Category	Frequency	Percentage
9-12	Very High	21	100%
7-8	High	0	0%
5-6	Medium	0	0%
3-4	Low	0	0%
Total		21	100%

Source: data processed by researchers, 2024

Based on table 3, it can be seen that the effectiveness of the program from the indicator of understanding the Jombang branch of the BPR MSMES Bank customer program as a recipient of the Revolving Fund credit from the Office of Cooperatives and SMEs of East Java Province from a total of 21 respondents, 21 customers or 100% have timeliness in receiving Revolving Funds from the Office of Cooperatives and SMEs of East Java Province with a very high value. From the table above, it is also known that there is no timeliness in receiving credit Revolving Funds of the Cooperative and SME Service of East Java Province in the high, medium or low categories. Therefore, it can be concluded that the timeliness of the Revolving Fund credit program of the Office of Cooperatives and SMEs of East Java Province to customers of the Jombang branch of BPR MSMES Bank is in a very high category.

4) The effectiveness of the Revolving Fund Program (X) is viewed from the achievement of the objectives of the program

Based on the review of the highest value, lowest value, and length of the interval class, the frequency distribution of program effectiveness from the program understanding indicator can be arranged as follows:

Table 4. Frequency Distribution of Program Effectiveness in terms of Goal Achievement indicators

Interval Class	Category	Frequency	Percentage
22-28	Very High	14	67%
17-21	High	6	29%
12-16	Medium	1	5%
7-11	Low	0	0%
Total		21	100%

Source: data processed by researchers, 2024

Based on table 4, it can be seen that the effectiveness of the program from the indicator of understanding the Jombang branch of the BPR MSMES Bank customer program as a recipient of the Revolving Fund credit from the East Java Province Cooperative and SME Office from a total of 21 respondents, 14 customers or 67% achieved the objectives of the Revolving Fund of the East Java Province Cooperative and SME Office with a very high score. There are as many as 6 customers or as many as 29% achieved the goal of the Revolving Fund of the East Java Province Cooperative and SME Service in the high category. There are as many as 1 customer or as much as 5% achieved the goal of the Revolving Fund of the East Java Province Cooperative and SME Service in the medium category. From the table above, it is also known that there is no achievement of the Revolving Fund objectives of the East Java Province Cooperative and SME Service in the low category. Therefore, it can be concluded that the timeliness of the Revolving Fund credit program of the Office of Cooperatives and SMEs of East Java Province to customers of the Jombang branch of BPR MSMES Bank is in the very high, high, and medium categories.

5) The effectiveness of the Revolving Fund Program (X) in terms of real changes

Based on the review of the highest value, lowest value, and length of the interval class, the frequency distribution of program effectiveness from the program understanding indicator can be arranged as follows:

Table 5. Frequency Distribution of Program Effectiveness in terms of Real Change indicators

Interval Class	Category	Frequency	Percentage
22-28	Very High	17	81%
17-21	High	1	5%
12-16	Medium	3	14%
7-11	Low	0	0%
Total		21	100%

Source: data processed by researchers, 2024

Based on table 5, it can be seen that the effectiveness of the program from the indicator of understanding the Jombang branch of the BPR MSMES Bank customer program as a recipient of the Revolving Fund credit from the Office of Cooperatives and SMEs of East Java Province from a total of 21 respondents, 17 customers or 81% achieved real changes from the Revolving Fund program of the Office of Cooperatives and SMEs of East Java Province with a very high value. There are as many as 1 customer or as much as 5% achieved real changes from the Revolving Fund program of the East Java Province Cooperative and SME Service with a high category. There are as many as 3 customers or as many as 14% achieved real changes from the Revolving Fund program of the Cooperative and SME Service of East Java Province in the medium category. From the table above, it is also known that there are no achievements of real changes from the Revolving Fund program of the Cooperative and SME Service of East Java Province in the low category. Therefore, it can be concluded that the real change in the existence of the Revolving Fund program of the Cooperative and SME Office of East Java Province to customers of the Jombang branch of BPR MSMES Bank is in the very high, high, and medium categories.

Effectiveness Analysis

The level of effectiveness of the implementation of the Revolving Fund program of the East Java Province Cooperative and SME Office through the Jombang branch of the BPR MSMES Bank in terms of Sutrisno's (2010) indicators can be seen as follows:

Table 6. Recapitulation of the Effectiveness of the Revolving Fund Program of the East Java Province Cooperative and SME Office through the Jombang branch of BPR MSMES Bank

No.	Indicator	Target	Realizes	Effectivities	Assessment
1	Program understanding	1260	1057	83,89	Very effective
2	Target accuracy	504	455	90,28	Very effective
3	Timeliness	252	222	88,10	Very effective
4	Achievement of goals	588	460	78,23	Effective
5	Real change	588	458	77,89	Effective

Source: data processed by researchers, 2024

The level of effectiveness of the implementation of the Revolving Fund program of the East Java Province Cooperative and SME Office through the Jombang branch of the BPR MSMES Bank obtained the calculation result is 83.68 percent which is included in the very effective category because it is more than 79.99 percent.

Description of MSME Income Variable Data (Y_1)

Based on the review of the highest value, lowest value, and length of the interval class,

the frequency distribution of MSME income can be arranged with the income measurement tools developed by Putri (2016) and Wulandari (2022) as follows:

Table 7. Frequency Distribution of MSME Income

Interval Class	Category	Frequency	Percentage
17-20	Very High	10	48%
13-16	High	8	38%
9-12	Medium	2	10%
5-8	Low	1	5%
Total		21	100%

Source: data processed by researchers, 2024

Based on table 7, the income of MSMEs from a total of 21 respondents, as many as 10 customers or 48% have MSME income from the Revolving Fund program of the Cooperative and SME Office of East Java Province with a very high value. There are as many as 8 customers or as many as 38% have MSME income from the Revolving Fund program of the Cooperative and SME Service of East Java Province in the high category. There are 2 customers or as many as 10% have MSME income from the Revolving Fund program of the Cooperative and SME Service of East Java Province in the medium category. There are as many as 1 customer or as many as 5% have MSME income from the Revolving Fund program of the Cooperative and SME Service of East Java Province in the low category. Therefore, it can be concluded that the income of MSMEs from the Revolving Fund program of the Office of Cooperatives and SMEs of East Java Province to customers of the Jombang branch of BPR MSMES is spread in the categories of very high, high, medium and low.

Description of Data on MSME Welfare Improvement Variables (Y₂)

Based on the review of the highest value, lowest value, and length of the interval class, the frequency distribution of MSME welfare improvement using the Todaro & Stephen C. Smith (2007) measuring instrument can be arranged as follows:

Table 8. Frequency Distribution of Improved MSME Welfare

Interval Class	Category	Frequency	Percentage
32-40	Very High	17	81%
25-32	High	1	5%
17-24	Medium	3	14%
10-17	Low	0	0%
Total		21	100%

Source: data processed by researchers, 2024

Based on table 8, the improvement in the welfare of MSMEs from a total of 21 respondents, as many as 17 customers or 81% experienced an increase in welfare from the Revolving Fund program of the Cooperative and SME Service of East Java Province with a very high value. There are as many as 1 customer or as much as 5% experiencing an increase in welfare from the Revolving Fund program of the Cooperative and SME Service of East Java Province in the high category. There are as many as 3 customers or as many as 14% experienced an increase in welfare from the Revolving Fund program of the East Java Province Cooperative and SME Service in the medium category. From the table above, no customers were found who experienced an increase in welfare from the Revolving Fund program of the East Java Province Cooperative and SME Service in the low category. Therefore, it can be

concluded that the improvement in the welfare of MSMEs from the Revolving Fund program of the Office of Cooperatives and SMEs of East Java Province to customers of the Jombang branch of BPR MSMES Bank is spread in the categories of very high, high, and medium.

Assumption Test

1) Normality Test

The application of the normality test in research is used to test whether the distribution of data obtained from the research population is normal or not. The following are the results of the normality test using IBM SPSS 16.0 for windows:

Table 9. Normality Test Results

No.	Variable	*Asymp. Sig*	Description
1	Program effectiveness	0,132	Normal
2	MSME Income	0,114	Normal
3	Improved welfare of MSMEs	0,121	Normal

Source: data processed by researchers, 2024

Table 9 can be explained that the Asymp.Sig value of all observation variables is greater than Alpha ($\alpha = 0.05$), indicating that all variables are normally distributed.

2) Linearity Test

The linearity test is a process to determine whether the relationship between two variables is linear, that is, whether changes in one variable are proportionally related to changes in another variable. The following are the results of this study's linearity test:

Table 10. Linearity Test Results

Variables	*Sig. Deviation from Linearity*	Description
Program effectiveness with MSME Income	0,753	Linear
Program effectiveness with MSME Income	0,761	Normal

Source: data processed by researchers, 2024

Based on the results of the linearity test, it is known that the Sig. deviation from linearity value on the two variables is above 0.05; it can be concluded that there is a linear relationship between the independent variable and the dependent variable. Thus, the two variables fulfill the linearity assumption test.

3) Homoskedasticity Test

The homoscedasticity test is a process to determine whether the variance of the residuals (prediction error) in the regression model is constant across the entire range of independent variable values. Based on the picture bellow, it is known that each variable has a random pattern and there is no shaped pattern. Thus, all research variables can be considered to fulfill the homoscedasticity test.
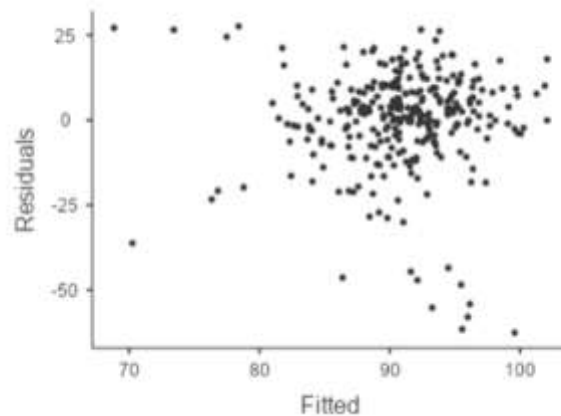
Figure 3. Homoscedasticity Test Results

Hypothesis Test

1) Correlation Test

The correlation test is used to find the magnitude of the relationship between variable X (Program Effectiveness) and Y_1 (MSME Income) and between variable X (Program Effectiveness) and Y_2 (MSME Welfare Improvement). In this study, there are two dependent variables (Y) so that the correlation test process is carried out twice to get the right results.

Table 11. Pearson correlation test between variable X and variable Y_1

Correlations

		Effectiveness of Revolving Fund Program	MSME Income
Effectiveness of Revolving Fund Program	Pearson Correlation	1	.918**
	Sig. (2-tailed)		<.001
	N	21	21
MSME Income	Pearson Correlation	.918**	1
	Sig. (2-tailed)	<.001	
	N	21	21

**. Correlation is significant at the 0.01 level (2-tailed).

From the correlation test table, it is known that the significance value is <0.001 or it can be concluded that <0.05, so the Revolving Fund Program Effectiveness variable as variable X correlates with MSME income as variable Y1. The degree of relationship seen from the pearson correlation value found is 0.918. This value is seen from the guidelines for the degree of relationship, the correlation test value shows perfect correlation results with a value range of 0.81 - 1.00. Therefore, it can be concluded that the Revolving Fund Program Effectiveness variable is perfectly correlated and positive to the income of MSME customers of the Jombang branch of BPR MSMES as recipients of the revolving fund.

Table 12. Pearson correlation test between variable X and variable Y_2
Correlations

		Effectiveness of Revolving Fund Program	Improving The Welfare of MSMEs
Effectiveness of Revolving Fund Program	Pearson Correlation	1	.897**
	Sig. (2-tailed)		<.001
	N	21	21
MSME Income	Pearson Correlation	.897**	1
	Sig. (2-tailed)	<.001	
	N	21	21

**. Correlation is significant at the 0.01 level (2-tailed).

From the correlation test table, it is known that the significance value is <0.001 or it can be concluded that <0.05, so the Revolving Fund Program Effectiveness variable as variable X correlates with the improvement of MSME welfare as variable Y2. The degree of relationship seen from the pearson correlation value found is 0.897. This value is seen from the guidelines for the degree of relationship, the correlation test value shows perfect correlation results with a value range of 0.81 - 1.00. Therefore, it can be concluded that the Revolving Fund Program Effectiveness variable is perfectly correlated and positive towards improving the welfare of MSME customers of the Jombang branch of BPR MSMES as recipients of revolving funds.

2) Simple Regression Analysis

Simple regression analysis was used to determine the correlation between Y_1 and Y_2. The correlation between the two dependent variables in this study is important for stronger analysis and more accurate predictions. Variable Y_1 is the income of MSMEs and variable Y_2 is the improvement of MSME welfare.

Table 13. Results of simple regression analysis
ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	296.657	1	296.657	59.774	<,001[b]
	Residual	94.296	19	4.963		
	Total	390.952	20			

a. Dependent Variable: Improving The Welfare of MSMEs

b. Predictors: (Constant), MSME Income

From these results, it is known that the value of F count = 59.774 with a significance level of 0.001 <0.05, so the regression model can be used to predict the MSME income variable (Y_1) on the MSME welfare improvement variable (Y_2).

Table 14. Simple regression analysis results
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.871[a]	.759	.746	2.22776

a.   Predictors: (Constant), MSME Income

From the table above, it can explain the magnitude of the correlation / relationship value, namely R of 0.871. From these results, the coefficient of determination (R Square) of 0.759 is obtained, which implies that the effect of the MSME income variable (Y) on the variable of increasing MSME welfare (Y) is 75.9%.

Discussion
The effect of the effectiveness of the Revolving Fund program of the East Java Provincial Office of Cooperatives and SMEs through the Jombang Branch of BPR MSMES on MSME Income

Based on the results of research on the effectiveness of revolving fund programs by the Office of Cooperatives and Micro, Small and Medium Enterprises (SMEs) of East Java Province through the Jombang Branch of the MSMES Rural Credit Bank (BPR), it shows that there is an influence between the effectiveness of revolving fund programs on MSME income. The effect is proven by a correlation test with a degree result of 0.981. These results are included in the perfect category with a value range of 0.81 - 1.00. It can be concluded that there is an influence between the effectiveness of the revolving fund program on MSME income. In other words, if the effectiveness of the revolving fund program by the Office of Cooperatives and Micro, Small and Medium Enterprises (UKM) of East Java Province through the Jombang Branch of the MSMES Rural Credit Bank (BPR) is higher, it will further affect the income of MSME actors. MSME actors who have a good understanding of the program, are right on target as recipients of revolving funds, are on time in receiving and paying revolving fund credit, can achieve business goals, and experience real changes can affect income after receiving revolving funds. MSME actors with income in the very high category reached 48% and high as much as 38%. This data shows that the condition of MSMEs receiving revolving funds is in good condition and tends to increase.

The Revolving Fund Program implemented by the East Java Province Office of Cooperatives and Micro, Small and Medium Enterprises (SMEs) through the Jombang Branch of BPR MSMES has a significant impact on increasing the income of MSMEs in the region. This finding is in line with previous research by Wahyuni (2020) which states that easy access to capital and low interest from BPR MSMES increases the liquidity of small businesses, so they can develop their businesses more optimally. In addition, the training and mentoring provided as part of this program also plays an important role in improving the managerial skills and business capacity of MSME actors, which in turn contributes to improved business performance.

Overall, the Revolving Fund program managed by the East Java Province Office of Cooperatives and SMEs through the Jombang Branch of BPR MSMES has proven effective in increasing the income of MSMEs in the region. These results are in accordance with Buwana's (2018) previous research which states that the revolving fund program has succeeded in increasing community business income. Other research that is in line is Fanida's (2015) research which explains that revolving funds help strengthen the business capital needed to empower SMEs, increase economic activity, increase SME business volume, and increase employment and increase the entrepreneurial spirit among the community.

The effect of the effectiveness of the revolving fund program of the Office of Cooperatives and SMEs of East Java Province through the BPR MSMES Bank Jombang Branch on improving the welfare of MSMEs

Based on the results of research on the effectiveness of revolving fund programs by the

Office of Cooperatives and Micro, Small and Medium Enterprises (UKM) of East Java Province through the Jombang Branch of the MSMES Rural Credit Bank (BPR), it shows that there is an influence between the effectiveness of revolving fund programs on improving the welfare of MSMEs. The effect is evidenced by a correlation test with a degree result of 0.897. These results are included in the perfect category with a value range of 0.81 - 1.00. It can be concluded that there is an influence between the effectiveness of the revolving fund program on MSME income. In other words, if the effectiveness of the revolving fund program by the Office of Cooperatives and Micro, Small and Medium Enterprises (UKM) of East Java Province through the Jombang Branch of the MSMES Rural Credit Bank (BPR) is higher, it will further affect the improvement of the welfare of MSME actors. MSME actors who have a good understanding of the program, are right on target as recipients of revolving funds, are on time in receiving and paying revolving fund credit, can achieve business goals, and experience real changes can have an effect on improving welfare after receiving revolving funds. MSME actors with income in the very high category accounted for 81% of more than half of the research sample. This data shows that the welfare condition of MSMEs receiving revolving funds is very good.

MSMEs need an increase in welfare because they play an active role in national economic development (Sarfiah, 2019). MSMEs are the backbone of the economies of many developing countries, including Indonesia, and play an important role in creating jobs, reducing poverty, and promoting local economic growth. Therefore, the welfare of MSMEs is increasing. Welfare is the standard of living, welfare, and quality of life (Kadeni, 2020). Improving the welfare of MSMEs (Micro, Small, and Medium Enterprises) refers to efforts to improve the economic, social, and sustainability conditions of micro, small, and medium enterprises.

The effectiveness of the revolving fund program by the East Java Province Office of Cooperatives and Micro, Small and Medium Enterprises (SMEs) through the Jombang Branch of the MSME Rural Bank (BPR) has an impact on the basic needs of individual MSME actors. Basic individual needs consist of clothing, food, shelter, and health insurance. Recipients of revolving funds by the East Java Province Office of Cooperatives and Micro, Small and Medium Enterprises (SMEs) through the Jombang Branch of the MSME Rural Bank (BPR) stated that there was an increase in the basic needs of these individuals. Dagulir recipients stated that the increase in basic needs was in the good category. Research by Khandker, Samad, and Ali (2013) shows that access to microfinance significantly increases household income and allows them to invest more in basic needs. Therefore, the higher the effectiveness of the dagulir program, the higher the increase in welfare in the form of individual basic needs.

Based on this description, the welfare improvement of MSME actors as recipients of revolving funds by the East Java Province Office of Cooperatives and Micro, Small and Medium Enterprises (SMEs) through the Jombang Branch of the MSME Rural Credit Bank (BPR) shows a good category in two indicators, namely, the level of basic individual needs and the level of life. One other indicator is in the very good category, namely the indicator of economic scale expansion. High improvements in the welfare of MSMEs are obtained from high program effectiveness as well. The findings of the above research results related to improving the welfare of MSMEs are in line with Muchtar's research (2022) which examines the improvement in the welfare of MSMEs after receiving financing assistance from the government.

The effect of income of MSMEs receiving revolving funds from the Office of Cooperatives and

SMEs of East Java Province through the BPR MSMES Bank Jombang Branch on improving the welfare of MSMEs

The increase in MSME income through the revolving fund program has a major contribution to improving the welfare of business actors (Handayani, 2018). This study aims to examine the effect of the effectiveness of the revolving fund program by the Office of Cooperatives and Micro, Small and Medium Enterprises (UKM) of East Java Province through the Jombang Branch of the MSMES Rural Credit Bank (BPR) on the income and welfare of MSMEs. The results of this study indicate that the income of MSMEs receiving revolving fund programs by the Office of Cooperatives and Micro, Small and Medium Enterprises (UKM) of East Java Province through the Jombang Branch of the MSMES Rural Credit Bank (BPR) has an effect on improving the welfare of MSMEs. This means that the increased income of MSME recipients has also improved the welfare of the MSME actors themselves. The researchers' findings also show that the effectiveness of the revolving fund program is important in order to show significant results.

Based on the results of research on the effectiveness of the revolving fund program by the Office of Cooperatives and Micro, Small and Medium Enterprises (UKM) of East Java Province through the Jombang Branch MSMES Rural Credit Bank (BPR), it shows that there is an influence between the income of MSMEs receiving revolving funds on improving the welfare of MSMEs. This influence is evidenced by the regression coefficient of MSME income of 0.759. It can be concluded that there is an influence between the effectiveness of the revolving fund program on MSME income of 75.9%. In other words, if the income of MSMEs receiving revolving funds by the Office of Cooperatives and Micro, Small and Medium Enterprises (UKM) of East Java Province through the Jombang Branch of the MSMES Rural Credit Bank (BPR) is higher, it will further affect the improvement of the welfare of MSME actors. The regression analysis results show that the two dependent variables in this study are related to each other. The relationship is important in order to get the right results (Sugiyono, 2009).

The research findings show that the income of MSMEs receiving revolving funds with good program effectiveness is predominantly in the very high category. This is simultaneous with the results of increasing the welfare of MSMEs that receive revolving funds with good program effectiveness, more than half of the population is in the very high category. It can be concluded from these findings that the income of MSMEs is directly proportional to the improvement of the welfare of MSMEs that receive revolving funds from the East Java Province Office of Cooperatives and Micro, Small and Medium Enterprises (UKM) through the Jombang Branch of the MSMES Rural Credit Bank (BPR).

Conclusion

The results showed the effect of the effectiveness of the revolving fund program by the Office of Cooperatives and Micro, Small and Medium Enterprises (SMEs) of East Java Province through the Jombang Branch of the MSMES Rural Credit Bank (BPR) on the income and welfare of MSMEs. Further testing shows that the two dependent variables, namely MSME income and MSME welfare improvement, affect each other. Based on the research results on the research hypothesis, it can be concluded: The effectiveness of the revolving fund program of the Office of Cooperatives and Micro, Small and Medium Enterprises (SMEs) of East Java Province through the Jombang Branch of the MSMES Rural Credit Bank (BPR) affects the income of MSMEs. The effectiveness of the revolving fund program of the Office of Cooperatives and Micro, Small and Medium Enterprises (UKM) of East Java Province through

the Jombang Branch of the MSMES Rural Credit Bank (BPR) influences improving the welfare of MSMEs. The income of MSMEs receiving a revolving fund program from the Office of Cooperatives and Micro, Small and Medium Enterprises (UKM) of East Java Province through the Jombang Branch of the MSMES Rural Credit Bank (BPR) influences improving the welfare of MSMEs.

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