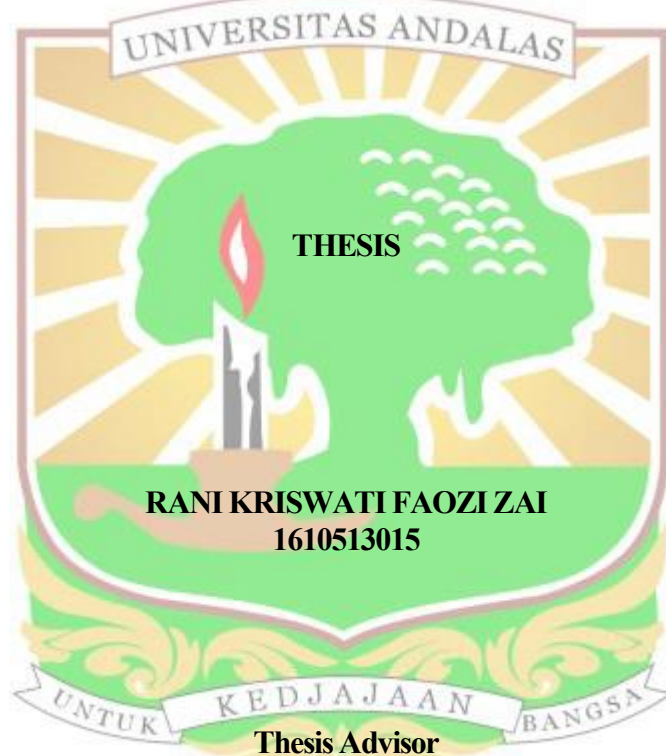




**UNIVERSITAS ANDALAS**

**THE DETERMINANTS OF MICRO AND SMALL MANUFACTURING  
INDUSTRY PERFORMANCE IN INDONESIA**



**Thesis Advisor**

**Prof. Dr. Firwan Tan, SE., M.Ec., DEA.Ing**

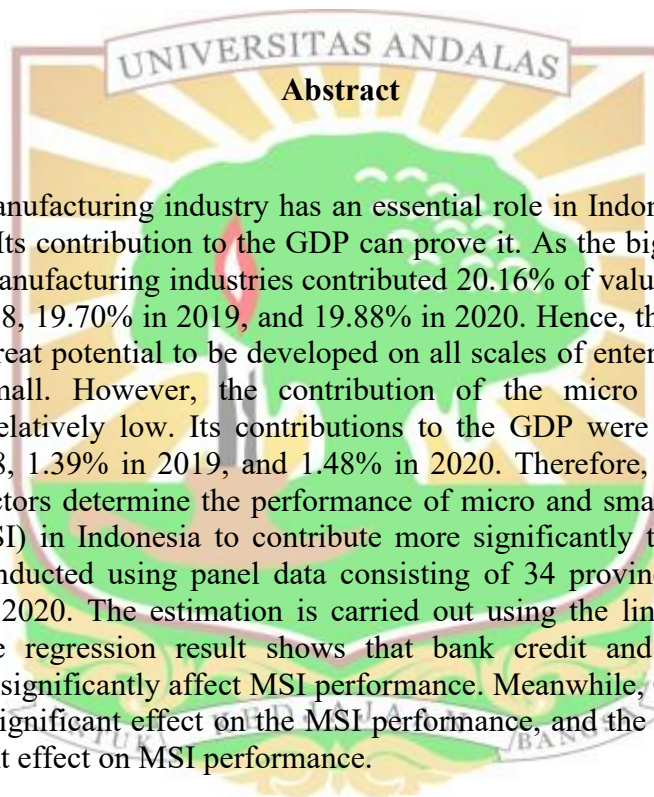
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# **The Determinants of Micro and Small Manufacturing Industry Performance in Indonesia**

by

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The manufacturing industry has an essential role in Indonesia's economic development. Its contribution to the GDP can prove it. As the biggest contributor to GDP, the manufacturing industries contributed 20.16% of value-added in 2017, 19.87% in 2018, 19.70% in 2019, and 19.88% in 2020. Hence, the manufacturing industry has great potential to be developed on all scales of enterprises, including micro and small. However, the contribution of the micro and small-scale industries is relatively low. Its contributions to the GDP were 2.02% in 2017, 1.47% in 2018, 1.39% in 2019, and 1.48% in 2020. Therefore, it is essential to study what factors determine the performance of micro and small manufacturing industries (MSI) in Indonesia to contribute more significantly to the GDP. The analysis is conducted using panel data consisting of 34 provinces in Indonesia from 2017 to 2020. The estimation is carried out using the linear panel model approach. The regression result shows that bank credit and educated labor positively and significantly affect MSI performance. Meanwhile, COVID-19 has a negative and significant effect on the MSI performance, and the internet user has an insignificant effect on MSI performance.

**Keywords:** Micro and Small Manufacturing Industry, Value-Added, Capital, COVID-19, Linear Panel Model

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