

## Implementation of Capital Investment Promotion Functions in the Meranti Island District

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### Abstract

This research is motivated by the lack of investor interest to invest in the Meranti Islands which causes the investment value to decline so that this research aims to find out how the implementation of the domestic investment promotion function carried out by the local government. This research is based on (Regent Regulation Number 36 Of 2016 Concerning The Main Tasks and Function of Investment, 2016) namely, (1) planning, (2) preparation of materials and data, (3) implementation, and (4) coaching & development. Data collection methods are done through observation, interviews and documentation and are analyzed qualitatively. Informants in this study amounted to 1 chief secretary of office, 1 head of climate development planning and promotion and 5 employees in climate development planning and investment promotion. Based on these methods it can be found that the results of this study are the implementation of the promotion of domestic investment functions carried out at regional promotion events which are carried out directly by displaying the potential and excellence that exists in the Meranti islands. And obstacles in the implementation of the promotion function are the lack of budget for the implementation of the promotion so that promotion can not be done optimally, and lack of development in the promotion of domestic investment.

**Keywords:** *implementation of promotion function, regional investment, investment*

### Introduction

Meranti Kepulauan Regency is a city of Selatpanjang. Selatpanjang City is the capital city of Tebing Tinggi sub-district, the city is located on the northern coast of Tebing Tinggi Island and has an area of 45.44 km<sup>2</sup>. Selatpanjang City is also known as sago city because this area is one of the national food security development areas because it is the largest sago producer in Indonesia. Meranti Island Regency is one of the National Food Security Development Areas because it is the largest producer of sago in Indonesia. Sago processing in Meranti Island Regency is considered to be very supportive in developing national food potential. In addition, there are still coconut, rubber, coffee, areca nut and fisheries.

In terms of developing the regional economy, it is necessary to identify the superior potential of the region, market potential, thus the event of promotion or publication of the exhibition has an important meaning as reference material and information, as well as the promotion of superior production owned by each region in Indonesia. At the same time it can be used to conduct business and investment as desired. With the many potentials in the Meranti Islands Regency, it is hoped that it can attract investors to invest in the Meranti Islands, what is the role of the government in implementing and developing these potentials, and how is the government's role in carrying out investment promotion activities. Some of the potentials of the Meranti Islands Regency are the potential of the plantation sector, the potential of the fishing field, the potential of the livestock sector, the potential of the mining and energy sector, the potential of the tourism sector.

The various potentials of the Meranti Islands Regency can be used as business and business opportunities. Starting from the fields of plantation, fisheries, animal husbandry, mining and energy, hospitality, industry and tourism. These potentials are used to attract investors to invest in Meranti Island Regency. This requires the ability of local governments to explore, empower and develop the potential of these natural resources so that investment increases. The local government has carried out the promotion of domestic investment in the investment service integrated one-door service and manpower that is conducting an exhibition promotion of the Meranti Islands Regency by displaying the characteristics of Meranti by giving examples of cooking demonstrations and tasters typical of Meranti. And serves a variety of processed foods made from sago, such as sago noodles, sago crackers. there are also processed foods from fishery products, such as: shrimp crackers, fish crackers and various culinary meranti, and there are also brochures containing investment opportunities such as investment opportunities in the trade, tourism, hospitality, mining, agriculture and downstream industries of the plantation sector , livestock and fisheries.

Much needs to be done to increase the interest of investors or domestic investors who will process business in the fields of sago, coconut, areca nut and coffee. There are still many regional potentials that have not yet been explored and processed and developed in the Meranti Island Regency. Implementation of the promotion function to increase the number of investors is needed.

Based on data obtained from the Meranti Islands Regency Government, the investment has decreased from year to year. And in 2016 the value of investment has fallen very far, namely the percentage decline of 79%. Therefore, efforts should be made to increase investment. In increasing the attractiveness of investors to invest their capital in the regions to spur the economic growth of the Meranti Islands. Then it is necessary to carry out the promotion and promotion strategy with the aim of providing information to prospective investors what business opportunities and businesses in the Meranti archipelago district so that investment in the Meranti archipelago district increases.

(Sukirno, 2000) states that investment is capital investment in a company in order to increase capital goods and production equipment that already exist in order to increase the amount of production. According to (Agussalim, 2003) the concept of regional management can reduce the level of competition between regions. Through this concept regional cooperation will be realized. (Nasarudin et al., 2004) state that investors are individuals, organizations or institutions that carry out long-term or short-term investment activities. (Harding & Javorcik, 2011) state that investment promotion activities are divided into four: increasing investment, advocacy policies, building a national image, servicing investor services.

(Tjiptono, 2000) states promotion is a marketing activity to deliver goods or services to consumers, provide information, influence and remind target consumers about the existence of a company or organization, so that consumers accept, buy and be loyal. (Law Number 25 of 2007 Concerning Investment, 2007) about capital investment states that domestic capital investment is an investment activity for business in the territory of the Republic of Indonesia by domestic investors by using domestic capital.

The problem in this research is how the implementation of the promotion function of domestic investment by the one stop investment service agency integrated labor and manpower and what are the obstacles in the implementation of the promotion of domestic investment function by the one stop investment service service and labor force.

## **Method**

In connection with the purpose of research is to explain about phenomena and social facts that occur objectively in the field, the type of research is qualitative research. Qualitative research is research in the form of words, sentences, schematics, and images. (Sugiyono, 2013). The data used are primary data

that is data obtained from respondents using interviews, observations, and documentation which include: quality, quantity, time, cost, service orientation, integrity, commitment, discipline, cooperation and leadership as outlined in the list of questions compiled systematic based on variables and indicators. Secondary data is data collected from agencies / work units of the one stop service integrated investment service and labor force in the Meranti islands district.

The informants of this study consisted of 7 informants namely the Investment Apparatus Office of the One-Stop Integrated Services and Manpower, Head of Planning, Climate Development and Investment Promotion, Employees of the Investment Service Office of One-Stop Integrated Services and Manpower. The data collection of this study uses observation, interviews / documentation and documentation. Data analysis techniques use qualitative analysis.

## Results and Discussion

According to Syukur in (Surmayadi, 2005), there are several aspects in the implementation process: (1) there is a program that is done, (2) target audience. (Syaukani, 2004)state that implementation is the application of a series of activities in public policy so that the policy can produce the desired results.

As explained in the previous chapter that the implementation of the promotion of domestic investment function is an activity to increase investment promotion investment. This promotional activity is based on regent regulation number 36 of 2016 chapter IV article 9 concerning the main tasks and functions of the Investment Office of the One Stop Integrated Service and Manpower of the Meranti Islands Regency.

After the authors conducted research through direct observation and interviews with several informants and conducted a literature study from several literatures related to promotion, the authors managed to obtain data relating to the problem under study namely regarding the implementation of the function of promotion of domestic investment by the investment service office. one-door integrated labor and meranti islands.

Based on data obtained directly at the research location, then in this chapter the author will present a number of research results on the implementation of the promotion of domestic investment functions. In this research, the writer uses the regent's reference number 36 in 2016 with indicators of work planning promotions, preparation of promotional materials and data, implementation of promotion and promotion and promotion development.

### Promotional Work Planning

To carry out regional economic promotion activities, it is necessary to have requirements that must be done by the region, one of which is the need for a clear promotion work plan. In carrying out the promotion it is necessary to plan the work program formulation before carrying out the promotion as stated by Mr. Azwan, S.Pd, M.pd as the head of planning, climate development and investment promotion through a brief interview about the program planning program formulation of promotional activities which said that:

*"formulating a work plan for promotion, namely by determining and setting investment promotion targets, and determining investment opportunities that will be promoted in promotional activities and making strategies so that investment promotion runs smoothly and invites potential investors to invest. The employees in the field of climate development planning and investment promotion must more actively explore the potential of the region and make a new presentation of promotions at each implementation of the promotion, as well as formulate a program of promotional activities each year clearly. (interview 23 January 2018).*

From the above interview it can be stated that formulating a work plan for promotion is to determine the investment promotion target and determine what opportunities can be used as an investment as well as how the strategy will be carried out in carrying out the promotion and formulating a program of promotional activities each year clearly at the Investment Service Integrated Service of One Door and Meranti Islands Workers.

This is in line with the results of the researchers' interview with Ms. Tazriflina As the head of the planning, climate development and investment promotion section who said that:

*"the formulation of the promotional work plan is carried out so that the promotion process can be carried out smoothly because there are plans to be carried out in the future. implementation of investment promotions, such as what will be presented in the implementation of the promotion, and what preparations must be made in the promotion so that potential investors are interested in investing, and what media will be used in the promotion, such as through direct exhibitions, electronic media, online media, brochures and pamphlets. But here we are still using promotional media directly and distributing brochures that contain business opportunities and our business has not done promotion using online media and the official website of the investment department does not yet exist. (interview 23 January 2018)*

From the results of the interview the researcher obtained information that the program formulation of the promotion work plan was carried out so that the promotion could run smoothly due to planning before the implementation of the promotion. The formulation of an investment promotion work plan is to determine the media that will be used in the implementation of the promotion, such as electronic media, online media, brochures and pamphlets, and determine what are the potential advantages of the Meranti islands district that will be presented in the promotion. The potential advantages of the Meranti Islands are: (1) Potential of plantation industry: sago, coconut, rubber, coffee and areca nut, (2) Potential for clean water treatment, electricity generation and gas stations, (3) Potential of aquaculture, animal husbandry and swallow's nests, (4) Potential for trade, property and hospitality, (5) Potential of agro cultural and culinary tourism. (Source, Investment Office, One Stop Integrated Services and Meranti Islands Workers).

Martin Farianto as a kindergarten young stylist. 1 in the fields of planning, climate development and investment promotion also explains the planning of the formulation of promotional activities program that:

*"the formulation of a promotional work plan is carried out to plan what will be carried out in the future in investment promotion activities, aiming that the promotion is carried out smoothly and can convince potential investors to invest, but for the preparation of the program promotion activities must be further improved, because the Meranti islands must be more aggressive in carrying out promotions because of the lack of interest of investors who invest ". (interview 23 January 2018)*

From the results of the above interview it can be said that the formulation of a promotion work plan is to make plans to be carried out in the implementation of domestic investment promotions so that promotions can run smoothly and can attract investors to invest.

Based on the interview regarding the promotion work plan, it can be seen that the formulation of the promotion work plan is carried out so that the promotion can run smoothly because there is already a plan before carrying out the promotion. The field of climate development planning and investment promotion has already done planning work promotion before the implementation of the promotion, but for the preparation of the implementation of the promotion must be further improved, it must have a target for the number of times the promotion is carried out, because given the lack of interest of investors who invest in the Meranti islands.

### **Preparation of Promotional Materials and Data**

After the formulation of a promotional work plan is carried out, preparation of promotional materials and data is carried out in preparation for the promotion of domestic investment. Based on an interview conducted to the head of climate development planning and investment promotion namely Mr. Azwan, S.pd M.pd, he stated that:

*"preparation of promotional materials & data, namely compiling any material that will be needed and promoted in investment promotion, starting from preparing materials such as business and business opportunities that have been used as superior products such as sago flour, sago noodles, sago crackers, fish crackers, shrimp crackers, ground coffee, and brochures containing business and business opportunities and advantages in the area meranti islands to be promoted". (interview January 23, 2018)*

Based on the interview above, it can be seen that the preparation of materials and promotion data is to collect and prepare materials to be presented in the implementation of domestic investment promotions, which are the superior products of the Meranti islands. Like those made from sago: sago flour, sago crackers, sago noodles, sago cendol, sagon sago, and fat sago. And other advantages made from fish and coffee such as fish crackers, shrimp crackers and ground coffee, as well as making brochures that contain regional superiority and potential business opportunities in the Meranti islands.

According to Martin Farianto as a young preschool kindergarten. 1 in the fields of planning, climate development and investment promotion also states that:

*"the preparation of these promotional materials and data collects materials to be promoted later, these materials are taken from the industrial sector and small and medium businesses including coconut, sago, rubber and areca nut that are has been produced into such as sago flour, sago noodles, sago crackers, fish crackers, shrimp crackers, coffee, and other superior products in the area. And also collect investment opportunity data that can be used as business and business. Such as business in the fields of plantation, fisheries, hospitality, industry, and tourism. And this data is made in the form of brochures, so that investors can find out what are the advantages in the Meranti islands. (interview 23 January 2018)*

Based on the results of the interview above, the researcher obtained information about the preparation of materials and promotional data, which is compiling the material to be promoted taken or collected from the industrial sector and small and medium businesses, namely regional superior products made from coconut, rubber, coffee, areca nut and other potential superior products which are processed into superior products, such as sago flour, sago crackers, fish crackers, shrimp crackers, chairs, paints, etc. and make investment opportunity books that contain investment potentials of the Meranti islands, such as the potential in the plantation sector , fisheries, animal husbandry, mining and energy, and tourism.

### **Promotion**

According to (Wells & Wint, 2000) Investment promotion is an activity that spreads information or tries to make a picture of the existence of an investment and provides investment services for potential investors. Investment promotion aims to inform potential investors (investors) about the advantages and potential of the market in the area.

Likewise, in the implementation of investment promotion (investment) Investment Office Integrated Services One Door and Labor as stated by the head of climate development planning and investment promotion namely Mr. Azwan, S.Pd, M.pd he stated that:

*"implementation promotion is carried out to provide information to investors about an overview of the Meranti islands, such as business opportunities and businesses in the region. Promotions are carried out in accordance with incoming letters and existing budgets, and during 2017 promotions were carried out twice at the expo activities in Pekanbaru and Batam. In 2018 the implementation of the promotion was held only once, namely the regional exhibition held in the city of Selatpanjang in the Meranti Islands. The promotion itself is carried out directly through regional exhibitions organized by the investment*

*service in accordance with instructions given by the regent, and investment promotion is also carried out by distributing brochures containing business and business opportunities in the Meranti islands. (interview January 23, 2018)*

Based on these interviews, it can be seen that the implementation of the promotion is carried out aimed at providing information to prospective investors what are the advantages in the Meranti islands that can be used as an investment. Promotion is carried out in accordance with incoming letters and local budgets. The head of the section (Kasi) in the field of climate development planning and investment promotion Mrs. Tazriflina stated that:

*"The promotion is carried out to introduce potentials in the area and provide information to investors about business and business opportunities that can be developed in the Meranti archipelago district, so that with the program this promotion, investors and the public can get to know the advantages that exist in the area. Promotion is carried out in accordance with strategies that have been made from how the formulation of promotional work plans, preparation of materials and data to be promoted to the process of preparing materials and data to be promoted ". (interview January 23, 2018)*

Based on the interview above, the researcher obtained information that the promotion was carried out to introduce the potential and superiority of the region with the aim of providing information to potential investors so that investors would be interested in investing. integrated one-stop service capital and labor also promote business potential or opportunities in the tourism sector namely, (1) Rice shelf beach, located in the village of kuala merbau. Rice shelf beach has a beach length of approximately 4 km, (2) Dorak Beach, located on Dorak Road, Selat Panjang urban village, high cliff district, (3) Tasik nambus, located in the village of darul takzim, high cliffs in the west, (4) Village tourism bokor, located in the village of West stimulant district Bokor. Tourism bokor mangrove has an area of about 300 hectares, (5) Tasik water Putih, located in the village of Tanjung Samak, the sub-district of Rangsang. The area of approximately 80 Ha, in the middle of the white water lake there is an island of princess with an area of 1 Ha. (Source: Department of investment of one-stop integrated service and Meranti Islands workforce).

Secretary of the Office of Investment Integrated Services One Door and Manpower Ibu Rizawati, SE Stating that:

*"Promotional activities are carried out several times a year depending on incoming letters and then processed and if approved and the budget is there then the promotion can be carried out. But not all events we participate in because sometimes there is no budget to carry out, because promotion requires a very large cost. The promotion aims to increase regional investment, by publishing advantages in the region it is expected to attract investors. So this promotion is very important to do to increase investment, which in turn will have an impact on increasing local revenue (PAD) and employment. (interview January 23, 2018)*

Based on the above interview it can be said that the Promotion is carried out several times a year in accordance with the availability of the existing budget. Promotion has not been carried out to the fullest, because it only participates in a number of regional promotion events due to lack of budget in implementing domestic investment promotions.

Martin Farianto as a young stylist TK.1 in the field of climate development planning and investment promotion, he also stated:

*"the purpose of the promotion activities is to provide information to the local community and outside the region about the potential that exists in the Meranti islands starting from the potential in the fields of plantation, fisheries , trade, industry and agro-tourism potential. We have carried out promotional activities every year but investor interest to invest their capital into meranti is still lacking, and promotional activities are carried out only a few times a year which should be done more often given the lack of investors who invest in meranti " (interview 23 January 2018)*

Based on the results of the interview above, it can be stated that the one stop service integrated investment service office and the workforce have carried out an investment promotion in accordance with the available budget. In 2017 the promotion was conducted twice which was carried out directly through the expo event which was held in Pekanbaru and Batam. Promotion is carried out by displaying the meranti characteristics and advantages of the region, and distributing brochures containing business opportunities and businesses in the Meranti islands. The promotion carried out by the one stop service integrated investment service office and the Meranti archipelago workforce is done only directly or not using online or electronic media as planned in the promotion work plan, and the promotion is only done a few times a year, which should be promotional it must be implemented more intensively because of the lack of interest of investors who invest in the Meranti Islands.

### **Coaching and Developing Promotion**

Head of climate development planning and investment promotion Azwan, S.Pd, M.pd said regarding promotion promotion and development that:

*"for promotion and development promotion so far the promotion is carried out using direct promotion systems such as through regional exhibition activities or expos, and distributing brochures and pamphlets about potential and business opportunities. For the development and promotion of promotion is still the same every year, with the same planning and display the same superior products in the implementation of domestic investment promotions ".(interview January 23, 2018)*

From the results of interviews conducted by researchers, it can be said that there has not been any coaching and development promotion for the better. Promotions are made with no progress, every implementation of the promotion still uses planning and displays material and data or the potential and excellence of the same region. Whereas the regions must be more active in exploring the potentials and advantages of the region and directly provide information to the public through any media that is fast and accurate, so that prospective investors (investors) quickly get information about the potential development that is in the area, and can lead to investor interest to investing because of its many superior potentials that can be managed.

### **Obstacles in the Implementation of the Promotion Function of Domestic Investment by the Investment Office of the Integrated One-Stop Service and Manpower**

After knowing how the implementation of the promotion of domestic investment functions by the Office of Investment Integrated Services One Door and Labor, based on interviews conducted by researchers there are also obstacles in the implementation of the promotion of domestic investment functions.

Based on a statement given by the head of the field of climate development planning and promotion of domestic investment, Mr. Azwan S.pd M.pd, he stated that the obstacles in the implementation of the promotion of domestic investment function were:

*"one of the obstacles in carrying out this promotion is the lack of budget , which promotion can be done if the budget is available because given the minimal budget in meranti and the implementation of the budget promotion comes from the budget. Whereas the promotion should be done more often because given the lack of investment in the regions, and other causes of the lack of investment in the Meranti islands, namely inadequate infrastructure such as access to roads, water and electricity that makes potential investors think about investing their capital in Meranti because if they want to open businesses require huge costs because of access to roads and the lack of clean water. " (interview 23 January 2018)*

Tazriflina as head of the climate development planning and investment promotion section said that:

*"The obstacle in carrying out the promotion is the process of transporting goods when the promotion is carried out outside the region, because as we know the Meranti Archipelago is an island so all loading and unloading is constrained by costs incurred. too big especially in the loading and unloading service*

*proker because in the promotion we bring the goods we will promote to outside the region in large quantities in whistle which makes us rather heavy ” (interview 23 January 2018)*

Based on the results of interviews conducted by researchers, the researchers found that the obstacles in carrying out investment promotion is the amount of costs used to carry out investment promotion, especially the costs for goods loading and unloading service proker if the promotion is carried out outside the area. This has hampered investment promotion activities because of the large costs required for transportation. Promotion is not optimal because it only participates in several events each year due to limited funds to carry out the promotion. Inadequate infrastructure also makes investors less interested in investing in the Meranti islands. Such as access roads, water supply and electricity. Because if you want to set up a business or building, it costs more.

## **Conclusions**

The implementation of the promotion of domestic investment function is carried out to introduce or provide information to prospective investors what are the potentials and advantages of the Meranti Archipelago region so that investors are interested in investing by displaying the characteristics and potentials and advantages of the Meranti Archipelago. The implementation of the promotion function of domestic investment is carried out directly through regional promotion events and expos. And before carrying out the promotion, the formulation of a promotional work plan and the preparation of promotional materials and data so that the promotion runs smoothly. However, the implementation of the promotion function has not been carried out properly.

Obstacles in the implementation of the promotion of domestic investment function, namely the amount of costs used to carry out investment promotion, especially the costs for goods loading and unloading services, if the promotion is carried out outside the region. This has hampered investment promotion activities because of the large costs required for transportation. Promotion is not optimal because it only participates in several events each year due to limited funds to carry out the promotion.

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