

# Investment Patterns of Small and Medium Micro Enterprises (MSMEs) in Sinjai District

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## ABSTRACT

Both the industrial sector, the tourism sector as well as the economic sector and other sectors. For the current economic sector, the most potential is to improve investment patterns in Micro, Small, Medium Enterprises (MSMEs) in the hope of increasing the economic level of the Indonesian people, especially in Sinjai Regency, which can be achieved optimally. This study aims to determine the investment pattern of MSME actors and the determinants of the investment pattern of MSME actors in Sinjai Regency. This research is a qualitative type with a qualitative descriptive approach. Data was collected through observation, interviews and documentation with data analysis techniques used interactive model qualitative analysis. The results of this study indicate the investment pattern of MSME actors in Sinjai Regency seen from the aspect of partnerships and funding from financial institutions, Micro Business Credit (KUM) which is very easy and fast to manage and does not burden the community in the refund system. The determinants of the investment pattern of MSME actors are the return and time factors. These two factors are highly expected by MSME actors whose processing time is fast and easy and can provide benefits for MSME actors when making investments.

**Keywords:** *Pattern, Investment, Actors, MSME*

## 1. INTRODUCTION

Continues to encourage the participation of micro, small and medium enterprises (MSMEs) so that they can make a real contribution to Indonesia's economic growth. Based on data from Bappenas, the role of Micro, Small and Medium Enterprises is to expand job opportunities and employment, the formation of Gross Domestic Product (GDP) and the provision of safety nets, especially for low-income communities to carry out productive economic activities.

Meanwhile, the role of MSMEs is that MSMEs are not only felt by developing countries but also in developed countries, in developed and developing countries MSMEs are very important because they absorb a lot of labor compared to large businesses and contribute SMEs to the formation or growth of Gross Domestic Product (GDP) is the largest compared to large businesses [1]. Based on the above, it can be concluded that the role of MSMEs is to expand job opportunities, to improve the economy of developing

and developed countries and to increase the Gross Domestic Product of a nation.

Another thing that the Government wants is to increase the role of MSME actors in the hope that MSME actors can compete with other types of businesses, both nationally and internationally. This is due to the lack of competitiveness of MSME actors compared to MSME players from abroad such as Korea, Japan, China. Several ways have been taken by the government to make the role of MSMEs more advanced, namely tax relief, acceleration of licensing, low loan interest rates, business development and expansion of market access. All this is done by the government in order to create healthy and growing MSMEs. One of the weaknesses of MSME actors is that it is still difficult to determine a good investment pattern for their business, whether partnering with other companies or collaborating with financing institutions or other investment models.

Criteria for Micro, Small and Medium Enterprises (MSMEs) have been regulated by law No. 20 of 2008.

Small and medium enterprises are productive business opportunities owned by individuals or individual business entities that meet the micro business criteria as regulated by law [2]. There are several reasons why someone invests, including: To get a more decent life in the future, Reduce the risk of inflation, The drive to save taxes [3].

An investor tries to buy a number of shares at this time in the hope of profiting from an increase in stock prices or a number of dividends in the future, in return for the timing of the risks associated with the investment [4]. While the notion of investment is an investment for one or more assets owned and usually for a long period of time in the hope of getting profits in the future [5]. The Government of Sinjai Regency in order to encourage the growth and development of MSMEs has also made various strategic efforts, both in providing training to MSME actors as well as by providing direct cash assistance to MSME actors. It is hoped that with all these policies, MSME actors will be more active.

The increase in the number of MSME actors in Sinjai Regency from year to year is increasingly showing a very high increase. Based on data from the Department of Cooperatives and SMEs in Sinjai Regency, the number of MSME actors in 2018 was around 17,151 MSMEs and in 2019 the number of MSMEs increased to 29,752 MSMEs, meaning that there was an addition of around 57.6%, and in 2020 the number became 32,551 business actors. MSMEs or increased by almost 91.4%. If you look at the data, it will be a very big opportunity and can be used as one of the spearheads of increasing the economy in Sinjai Regency if the presence of the MSME actors can be managed properly, so that the goals and targets as well as the desired targets can be achieved. In addition, the cooperation between MSME actors and policy actors will create sustainability so that it will accelerate the achievement of the targets that have been proclaimed.

Based on the above, the goals of the Sinjai Regency government should be implemented and achieved, but because of problems in obtaining funds for investment and credit for MSME actors, these targets and targets are difficult to achieve. On the other hand, there is still low competence and knowledge of MSME human resources, minimal financial knowledge, low production management, the machines used are still simple as well. Low technological capabilities are also the cause of difficulty for MSME actors to obtain credit and financial assistance.

## 2. METHOD

This research is a type of qualitative research with a descriptive qualitative approach based on the philosophy of post positivism used or interpretive, used to examine the condition of natural objects, where the researcher is the key instrument. The informants used in this research are people who know about the problem of this research

by using purposive sampling technique. Data was collected through observation, interviews and documentation with data analysis techniques using interactive qualitative analysis models, namely data collection, data reduction, data presentation and verification/conclusion [6].

## 3. RESULTS AND DISCUSSION

From the results of the research that has been carried out, namely by conducting interviews with informants who are considered to have the skills and know about the problems studied both to MSME business actors and stakeholders in Sinjai Regency, the results are described as follows:

### 3.1. Investment Patterns of MSME Actors in Sinjai Regency

Partnership is an effort carried out that involves various sectors, community groups, government and non-government institutions, to work together in achieving efforts to achieve goals based on an agreement in principle and their respective roles [7].

#### 3.1.1 Investment

Many MSME businesses have bright prospects in developing their business but do not build a partnership investment pattern in increasing their business as explained by Mr. Zainuddin who said that "My business does not yet have a partner, so I do all the marketing and sales processes myself and sell them myself, both at home and in the shop at the fish auction or even when the consumer comes to the house, which is also the production site for minas".

This statement was also reinforced by Mr. Rudi (Interview on August 14, 2021) one of the other MSME actors who said that "Marketing is done at home, even if there are those who market, they actually only buy a lot from my shop and then they sell it again, of course, at a price that has been raised. In addition, I market my products door to door, while partnering with other MSMEs does not yet exist and is only a discourse, so far it has not been implemented, for independent marketing using social media such as Facebook. The same thing was also conveyed by Mrs. Husna (Interview on August 9, 2021) one of the MSME entrepreneurs who said that: Until now no one has invited me to partner with my business, so I do it myself in marketing it or buyers who come to the house buy directly, even if there are many orders it is usually because orders from outside, especially Makassar for family ole-ole or someone wants to go to Makassar.

From the results of the interviews above, it can be concluded that small and medium enterprises in Sinjai Regency have not considered the investment pattern in

the form of partnerships as a way to develop their business so that their products are marketed by themselves by waiting for customers to come to their homes which are also their place of business, then they also bring own products to the nearest point of sale. In addition, to further expand their product marketing, they do it door to door.

The main problem is the difficulty of building partnerships because MSME actors have not made the partnership an investment strategy to develop their business. The same thing was conveyed by Mr. Rudi (Interview on August 14, 2021) who said that: I don't understand what the right form of investment is for my business and I don't get any information, other than that I haven't thought that way because I can still market my own products through and my production isn't too big. This is also reinforced by a statement from another MSME actor, Mrs. Rostiana (Interview on 27 July 2021) who said that: I don't know information about how to market products by collaborating with other people or other companies so I can't do it, maybe if there is some kind of socialization, I can think about it.

Based on the results of the interviews above, it can be concluded that the cause of the lack of MSME actors doing partnerships is because they do not get enough information about the partnership pattern in order to develop their business in the future, besides they still think they can market their own products in other words they do not consider the partnership pattern as something important thing to do. Another thing is the lack of knowledge from MSME actors regarding partnership patterns that can be implemented even though Article 27 of the Small Business Law explains that there are several partnership patterns that can be carried out such as plasma cores, sub-contracts, general trading patterns, franchise patterns, agency patterns, as well as venture mode.

Partnerships are essentially known as *gotong royong* or cooperation from various parties, both individually and in groups. Partnership is a formal cooperation between individuals, groups, or organizations to achieve a certain task or goal [8]. Another cause is the fact that small businesses still face various obstacles and constraints, both external and internal, such as in the fields of production and processing, marketing, capital, human resources, and technology, as well as a business climate that is not yet supportive for the development of MSME businesses. in Sinjai Regency.

### *3.1.2 Skills, In as the next generation of the nation*

To develop a business business, the existence of capital is very necessary, with the available business capital, business actors can plan and develop the business they are involved in. Therefore, in the development of MSMEs during the current New Normal, it also depends on the investment pattern of

MSME actors, one of which is through business capital assistance that can be obtained from the assistance of financial institutions. A statement from Ms. Rostiana (Interview July 27, 2021) said that "for business actors, capital is very important, and to get additional capital for business development, it can be through borrowing from banking institutions". Furthermore, Mr. Rudi (Interview on August 14, 2021) views "it is known that many business actors are more inclined to invest in obtaining capital assistance from financial institutions which are easier to manage than the partnership system, but for MSME actors in Sinjai Regency, the investment pattern used is are more likely to use personal capital to run their business. Mardiana (Interview on August 14, 2021) also stated "MSME actors in Sinjai prefer to sell their personal goods in the form of vehicles, land or gold and also prefer to borrow funds from relatives or friends to get capital to be used to run their business rather than getting assistance. capital loans from banks and the government.

The statements of the three informants above, it was also reinforced by one of the MSME office employees in Sinjai Regency by Mr. Arifin (Interview July 26, 2021) who said that "the best investment system is carried out by MSME actors only through government agencies and banking institutions under the auspices of the government. because basically the institution has many investment assistance programs aimed at MSME actors so that their production business can continue to run and develop well. Some of the statements of the informants above related to the pattern of investment in capital assistance through financial institutions, it turns out that MSME actors in Sinjai Regency are more likely to choose not to borrow from financial institutions to obtain capital because MSME actors still do not understand the process of the lending system and they do not want business profits. they are only used to pay interest on loans from financial institutions.

The two dimensions of the study above, it can be concluded that the investment of MSME actors in Sinjai Regency to develop their business from the process of providing raw materials, production, marketing to sales is more self-reliant, meaning that the majority of MSME actors in Sinjai to run and develop their businesses are all done independently. especially in the provision of own capital and the management system of business management, self-study is also carried out without any guidance or assistance from partnerships or capital assistance from financial institutions.

Although it is known that the local government through the SME Cooperatives and Manpower Office of the Sinjai Regency has various training development programs aimed at MSME actors, however, the information or communication of the program is not fully realized properly, so it appears that more MSME actors in Sinjai are developing their businesses in an integrated manner independent.

The development of MSMEs in Sinjai Regency is very important to pay attention to for the local government of Sinjai Regency, although from this study it was found that many MSME actors prefer to run their businesses independently without any involvement from government assistance, but this is where the local government should go through the Cooperatives, SMEs and Labor Service. The work of Sinjai Regency is to always seek and optimize the enabling and support system for the guidance and development of MSMEs by optimizing the provision of capital assistance and building cooperation with other partners, especially micro-enterprises which should be further improved into small businesses, Regarding the approach to empowering SMEs can be done through the possibility, strengthening, protection, support and maintenance [9]. The five approaches when it is more optimized and more socialized to MSME actors, of course, many MSME actors will choose to invest either with partnerships or with capital assistance from financial institutions [10].

### ***3.2. Determinants of Investment Patterns of MSMEs in Sinjai Regency***

The problem experienced by schools in Makassar City In the era of globalization and the rapid development of technology, with investment, you will get many benefits and ease in developing your business [11]. The current condition of the covid-19 pandemic, where various activities of MSME actors in Sinjai Regency are mostly carried out at home and interaction activities with other people are also more limited so that various MSMEs have experienced a significant decline, even though South Sulawesi Province is currently in the New Normal period [12]. So that many MSME actors in Sinjai must get attention from the government by optimizing the provision of guidance, business capital assistance that can be obtained from financial institutions or through partnerships [13].

The success of MSME actors in running their business is certainly a determining factor that greatly influences the development of their business, from the results of the study it is known that the determinants of the investment pattern of MSME actors in Sinjai Regency are return and the time factor, where the majority of MSME actors prefer to get a process of more capital assistance [14]. efficient. easy and have the certainty of profits when getting capital assistance from financial institutions and government institutions such as the Cooperatives and MSMEs Office. As stated by Mr. Zainuddin (Interview on 11 August 2021) that "what determines MSME actors to invest is the return factor because of course we will see what benefits can be obtained when investing, both in the form of savings and capital loans.

The time factor is also the main determinant, which is understood at this time with the conditions of the

Covid-19 pandemic, many small and medium business actors are experiencing setbacks in their business, so to overcome this, MSME actors want an institution that can provide investment capital assistance that has a management and management system. the disbursement is fast, the management of funds that are disbursed quickly and the time given for refunds has alternative options that will be adjusted to financial conditions.

From the results of the study, it was found that there was no visible pattern of investment by MSME actors in Sinjai Regency, both for the partnership system pattern and the pattern of funding assistance from financial institutions due to the communication factor, where MSME actors so far did not understand and get clear information from the Cooperative Service, SMEs and Manpower related to the system of procedures and benefits obtained by MSME actors when investing with these two patterns.

Apart from that, communication by the local government to MSME actors in Sinjai in terms of licensing is also very low, this can be seen that there are still many, especially micro and small business actors who do not have business permits. Under these conditions, the role of the Cooperatives, SMEs and Manpower Office should be to carry out more optimal and continuous socialization for the issuance of business permits in the form of an Electronically Integrated Business Licensing System (OSS) which is easier to obtain for SMEs in Sinjai, so that businesses that are If there is legitimacy, and when MSME actors already have an Electronically Integrated Business Licensing (OSS), then MSME actors will find it easier to carry out administrative arrangements in borrowing capital or to get assistance from financing institutions or partnerships.

## **4. CONCLUSION**

From the results of the research and discussion, it is concluded: 1) The investment pattern of MSME actors in Sinjai Regency seen from the aspect of partnerships and funding from financial institutions shows that the two patterns are not utilized by MSME actors, in fact the majority of MSME actors in Sinjai Regency carry out their business activities independently starting from capital provision, production process, marketing to product sales. The perpetrators of MSMEs in Sinjai Regency during the New Normal period were found not to have made investments to obtain capital assistance from financing institutions and guidance for licensing by the Department of Cooperatives, SMEs and Manpower of Sinjai Regency because of the lack of information provided by the relevant institutions to MSME actors to take advantage of MSME development. through partnership patterns and funding from financial institutions. 2) The determinants of the investment pattern of MSME actors are the return, time and communication factors. These three factors are the

determinants of supporters and obstacles for MSME actors in utilizing partnership patterns and funding from financing institutions to develop the businesses they run.

Suggestions and recommendations from this study are 1) The Office of Cooperatives, SMEs and Manpower of Sinjai Regency needs to optimize the legality of business licenses by providing training to MSME actors to manage their business permits through Electronically Integrated Business Licensing (OSS). 2) The Department of Cooperatives, SMEs and Manpower of the Sinjai Regency are expected to communicate consistently and continuously through socialization of the system of business development procedures through partnerships and also funding from financial institutions. 3) It is hoped that MSME actors in improving and developing their business will take advantage of the partnership system and funding from financial institutions to obtain larger business capital [15].

#### AUTHORS' CONTRIBUTIONS

1. Muh. Rizal S Coordinates research activities, starting from the planning stage, compiling articles to publication and corespondensi author
2. Bakhtiar As member I, assisting in data collection, analyzing initial data
3. Hasni, as member II plays a role in data collection and data analysis
4. Muhammad Luthfi Siraj as member III helped analyze research data and article completion
5. M Awaluddin as member of IV assisted in data analysis and article completion

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