

Determinants of MSME Investment in the Agricultural Sector and Its Implications for Labor Absorption and Poverty in West Java Province

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Abstract. The study aims to analyze the determinants of investment in MSMEs in the agricultural sector in West Java Province and identify the implications for employment and poverty levels. The data used in this study came from various sources, namely statistical data and related literature reviews. The analysis results show that several factors influence MSME investment in the agricultural sector in West Java Province, which include investment, infrastructure, accessibility to information technology, HDI, and poverty. This research also reveals that Investing in MSMEs in agriculture boosts employment and drives economic growth by supporting local businesses. With greater investment, MSMEs tend to employ more local workers. This study identified that increased investment in agricultural MSMEs also has the potential to reduce poverty rates in West Java Province. By creating new jobs and increasing household income through growing MSMEs, it is possible to significantly reduce the poverty rate. The results of this study can become a basis for the government, financial institutions, and other stakeholders in designing policies that support the growth of investment in MSME in the agricultural sector in West Java Province, with the hope that this will have a positive impact on employment and reduce poverty rates in that region.

Keywords: Investment, MSME, Agriculture.

1 Introduction

Economic development in the agricultural sector plays an important role for each country, especially for job creation, justice, and welfare for people in deficient countries or developing countries, so that in society's prosperity it needs an approach both economically and socio-culturally that involves the environment. The objective of development is to enhance society and foster a more thriving world by resolutely working towards a promising future.

Through the development of Micro, Small, and Medium Enterprises (MSMEs) in the agricultural sector, the state has a role to play in the welfare of its population by encouraging economic growth and providing jobs to reduce unemployment, thus farming communities will have the ability to meet their needs through increasing per capita income as a measure of purchasing power they have.[1]

The high contribution of MSMEs to the national economy has encouraged the government to develop MSMEs by increasing credit financing services for the KUR program. This service improvement was carried out by (1) reducing the interest rate from 7% to 6%; (2) increasing the KUR ceiling from IDR 140 trillion in 2019 to IDR 190 trillion in 2020, and increasing it gradually up to IDR 325 trillion in 2024; and (3) increasing the Micro KUR ceiling from IDR

25 million to IDR 50 million per debtor (Coordinating Ministry for Economic Affairs 2019). The Ministry of Agriculture continues to increase the KUR ceiling for the agricultural sector from IDR 80 T in 2021 to IDR 90 T in 2022. This increase is expected to increase agricultural production, either through using inputs as recommended so that productivity increases and/or through increasing planting area. To achieve this hope, anticipation is needed to know what factors are driving and hindering the smooth absorption of KUR in the agricultural sector.

According to Samuelson and Nordhaus, economic development cannot be separated from measuring a parameter of success in improving the welfare of its people, including by providing employment opportunities, reducing unemployment to increase people's purchasing power, by increasing per capita income continuously and sustainably in the long term.[2] According to Joseph Schumpeter in Mudrajat Kuncoro, a country's economy can improve if entrepreneurs create innovations and make new combinations related to production processes and business investments.[1]

This journal will focus on MSMEs in the agricultural sector in West Java Province taking into consideration that West Java Province is one of the provinces with the largest population in Indonesia, with 27 (twenty-seven) second-level districts and cities, consisting of 18 (eighteen) district areas and 9 (nine) city areas. Besides that, West Java as a province borders the National Capital and Government Center, as well as a trade center, as well as an industrial center, so this will impact the conversion of agricultural land into office land, business land, and industrial land. Thus, development in the province of West Java continues to progress and expand in line with increasing development and the purchasing power of its people as measured by per capita population expenditure adjusted for PPP (purchasing power parity).

The Change Project Plan (RPP) with the Offtaker KUR scheme provides a change or transition from the usual KUR (by name by 18 addresses/individual farmers) to an extensive scale with the availability of avails (loan guarantors) and off-takers (market guarantors). The scheme is expected to be able to accelerate sustainable agricultural development so that the budget can be absorbed on target to productive sectors and can have a significant impact on the movement of the rural people's economy to create advanced, independent, modern farmers.[3]

Multiple factors influence MSME investment in the agricultural sector, ultimately affecting food security. Inflation rate, number of MSMEs in the agricultural industry, input availability, infrastructure accessibility, information technology access, and human development index are all significant factors to consider.

West Java Province cannot be separated from the problem of unemployment and the low quality of its human resources. However, the West Java Human Development Index (IPM) continues to record 25 growth from year to year. In 2020 the HDI was 72.09, it rose in 2021 to 72.45, and in 2022 it rose to 73.12.

The reason for setting research variables in this journal is with the following considerations: 1) MSME investment in the agricultural sector in West Java is relatively small compared to the manufacturing and service sectors. 2) The absorption of MSME workers in the agricultural sector in West Java is relatively small compared to the manufacturing and service sectors, and the tendency for absorption of labor to decrease. 3) The income level of workers and MSMEs in the agricultural sector in West Java is relatively minor compared to the manufacturing sector and the service sector so the poverty rate of workers in the agricultural sector is higher than that of workers in the manufacturing and service sector.

2 Research Method

The research uses a quantitative type of research. Quantitative data is data in the form of numbers and can be measured.[4] The data used in this study is secondary data, namely data in the form of annual reports that have been prepared and published by related parties. The 134 data needed in this research is secondary data, collected in the form of cross-sectional data for 27 (twenty-seven) districts/cities as well as time series data for 4 (four) years, from 2019 to 2022. In addition, researchers also collected secondary data related to the theme of this research at the Central Statistics Agency for West Java Province, the National Development Planning Agency, Bank Indonesia, and the Ministry of Agriculture & Transmigration.

The variables used in this journal include inflation, the number of SMEs in the agricultural sector, agricultural infrastructure, accessibility to information technology, HDI, MSME investment in the agricultural sector, employment, and poverty levels. The tests used are the Chow test, Lagrange multiplier test, Hausman test, assumption test, normality test, multicollinearity test, heteroscedasticity test, autocorrelation test, and statistical hypothesis test.

3 Discussion

West Java is a region with contrasting characteristics with two identities: urban communities who mostly live in the Jabotabek area (around Jakarta) and Greater Bandung; and traditional communities living in the remaining villages. In the 2020 Census, the population of West Java province was 48,274,162 people, including those who lived in urban areas as many as 31,711,297 people (65.69 percent) and in rural areas as many as 16,562,865 people (34.31 percent). The percentage distribution of population by district/city varies from the lowest of 0.41 percent in Banjar City to the highest of 11.08 percent in Bogor Regency. The male population of West Java Province is 24,508,885 people, and the female population is 23,765,277 people. The median age of the population of West Java Province in 2010 was 26.86 years. This figure shows that the population of West Java Province is in the middle category.

Along with the growing demand for regional autonomy, the number of cities and regencies in West Java Province is increasing. Where expansion occurs, giving birth to new cities/regencies resulting from expansion. Administratively, since 2008, there have been 27 regencies/cities in West Java Province consisting of 18 regencies, 9 cities, 625 sub-districts, and 5,877 villages/sub-districts. The largest is Bekasi City, while the smallest is Cirebon City. The largest city population is Bekasi, while the smallest population is Banjar City. Meanwhile, the largest district is Sukabumi Regency, while the smallest district is Purwakarta Regency. The largest population for the district is Bogor Regency, while the smallest population is Pangandaran Regency.

3.1 Development of MSMEs in the Agricultural Sector in West Java Province

Various efforts to make MSMEs operating in the agricultural sector in West Java Province as the driving force of the national economy in general, and the regional economy, are still facing various challenges related to their existence in the form of income gathering. The business that is run aims to increase income with the general characteristics of being a family-owned business, using relatively simple technology, and no separation of business

capital from personal needs.[5] Apart from that, other problems then emerged, such as limited working capital, low human resource capacity, and minimal mastery of science and technology, which generally had implications for unclear business prospects. At this time, a crucial problem for MSMEs in the agricultural sector in West Java is the limited capital they have and the difficulty of accessing capital sources. As indicated in the BPS report, a staggering 35.10% of SMEs faced capital difficulties, with market uncertainty not far behind at 25.9%, followed by raw material difficulties at 15.4%. Without the intervention of external parties, this group will undoubtedly continue to face overwhelming obstacles in resolving their longstanding issues, namely the central and regional governments, conventional financial institutions, and Sharia finance.

Most of the MSMEs in West Java Province are not legal entities, this makes it difficult for the central and regional governments to carry out programmatic and structured guidance. Besides that, most of the existing MSMEs operate in the non-formal sector and trade services, while relatively few operate in the industrial sector and agricultural sector. The agricultural sector is one of the key sectors of the Indonesian economy in general and particularly in West Java Province. Although the contribution of the agricultural sector to the national gross domestic product has decreased significantly in the last half-century, the agricultural sector remains the primary source of income for most households in Indonesia and West Java.[6]

3.2 Descriptive Analysis

3.2.1 KUR

KUR, as a whole for 27 Regencies/Cities during the 2019-2022 period, has a lowest value of 7,250,000 thousand rupiahs to a highest value of 17,254,000 thousand rupiahs with a weighted average of 10,664,537 thousand rupiahs and an average standard deviation the weighted average is 2,252,987 thousand rupiah and the weighted average median value is 10,240,000 thousand rupiah. In the 2019-2022 period, Bandung City has the largest average KUR, namely 17,254,000 thousand rupiahs; while Tasikmalaya Regency has the smallest average KUR, namely 7,250,000 thousand rupiah.

3.2.2 Inflation

Inflation, overall for 27 Regencies/Cities during the 2019-2022 period, has the lowest value of 1.16 percent to the highest value of 4.59 percent with a weighted average of 2.85 percent and a weighted average standard deviation of 0.96 percent and the weighted average median value of 2.80 percent. In 2019-2022, Bogor City had the highest average inflation, reaching 4.59 percent; while Kuningan Regency, Cirebon Regency, Majalengka Regency, and Cirebon City had the smallest average inflation, which was 1.16 percent.

3.2.3 MSMEs

MSMEs, as a whole for 27 Regencies/Cities during the 2019-2022 period, have the lowest score of 3,569 to the highest score of 165 of 62,842 with a weighted average of 21,840 and a standard deviation of a weighted average of 14,987 and a weighted average median value of 18,229. In the 2019-2022 period, Garut Regency has the largest average of MSMEs, namely 62,842; while Banjar City has the smallest average MSMEs, namely 3,569.

3.2.4 Agricultural Infrastructure

Agricultural Infrastructure, as a whole for 27 Regencies/Cities during the 2019-2022 period, has the lowest score of 1.79 percent to the highest score of 9.76 percent with a weighted average of 5.68 percent and an average standard deviation weighted 3.60

percent and a weighted average median value of 5.67 percent. Investing in agricultural infrastructure in 2019-2022, Tasikmalaya City has the highest infrastructure rate at 9.76 percent, while Cianjur Regency has the lowest at 1.79 percent.

3.2.5 Agricultural Land Infrastructure

Agricultural Land Infrastructure, as a whole for 27 Regencies/Cities during the 2019-2022 period, has the lowest value of 7.04 percent to the highest value of 10.83 percent with a weighted average of 8.92 percent and an average standard deviation weighted 0.88 percent and a weighted average median value of 8.62 percent. In the 2019-2022 period, Bekasi Regency has the largest average Agricultural Land Infrastructure, namely 10.83 percent; while Banjar City has the smallest average Agricultural Land Infrastructure, namely 7.04 percent.

3.2.6 Information Technology

Information Technology, overall for 27 Regencies/Cities during the 2019-2022 period, had the lowest value of 65.62 percent to the highest value of 97.23 percent with a weighted average of 77.46 percent and a weighted average standard deviation of 6.61 percent and the weighted average median value of 77.20 percent. In the 2019-2022 period, Tasikmalaya City has the largest Information Technology average, namely 97.23 percent; while Cianjur Regency has the smallest Information Technology average, namely 65.62 percent.

3.2.7 Human Development Index

The Human Development Index, overall for 27 Regencies/Cities during the 2019-2022 period, has the lowest value of 65.36 units to the highest value of 82.50 units with a weighted average of 72.14 units and an average standard deviation weighted 4.70 units and a weighted average median value of 70.94 units. In the 2019-2022 period, Bandung City has the loftiest average Human Development Index, namely 82.50 units; while Cianjur Regency has the smallest average Human Development Index, namely 65.36 units.

3.2.8 Investment

Investment, as a whole for 27 Regencies/Cities during the 2019-2022 period, has the lowest value of 10,103,880 thousand Rupiah to the highest value of 78,808,425 thousand Rupiah with a weighted average of 27,501,168 thousand Rupiah and a standard deviation of the weighted average is 16,721,796 thousand Rupiah and the weighted average median value is 20,179,912 thousand Rupiah. In the 2019-2022 period, Bandung City has the largest average investment, namely 78,808,425 thousand Rupiah; while 172 Cianjur Regencies have the least average investment, namely 10,103,880 thousand Rupiah.

3.2.9 Employment

Labor absorption, overall for 27 regencies/cities during the 2019-2022 period, has the lowest value of 3.34 percent to the highest value of 14.29 percent with a weighted average of 9.58 percent and an average standard deviation weighted 2.16 percent and a weighted average median value of 8.54 percent. In 2019-2022, Bogor City had the enormous average labor absorption, namely 14.29 percent; while Pangandaran Regency had the smallest average labor absorption, namely 3.34 percent.

3.3 Partial Hypothesis Testing

3.3.1 Partial Effect of KUR on Investment

Table 1

Partial Influence	b	t count	p-Value	Conclusion
The Effect of KUR on Investment	1,195907	43,83249	0,0000	Reject Ho, accept H1. There is a significant and positive influence of KUR on investment

Based on Table 1, the regression coefficient value of KUR (β_1) is 1.195907. The calculation results show that the t value is 43.83249 with a significance level (α) = 5%, degrees of freedom = $n-k-1$ or $108-7-1 = 100$ and the test is carried out with two sides (2-tailed), obtained t table of 1.9840; so that t count > than t table ($43.83249 > 1.9840$); Likewise, P-value $0.0000 < 0.05$; so it can be concluded that H_0 is rejected, which means H_1 is accepted. It means that there is a significant and positive effect of the KUR variable on investment. It shows that every 1 unit increase in the KUR variable will increase investment by 1.195907 units.

3.3.2 Partial Effect of Inflation on Investment

Table 2

Partial Influence	B2	t count	p-Value	Conclusion
The Effect of Inflation on Investment	-0,150927	-3.654625	0,004	Reject Ho: There is a significant and positive effect of inflation on investment

Based on Table 2, the regression coefficient value of Inflation (β_2) is -0.150927. The calculation results show that the calculated t value is - 3.654625 with a significance level (α)= 5%, degrees of freedom= $n-k-1$ or $108-7-1 = 100$ and the test is carried out with two sides (2-tailed), obtained t table of 1.9840; so t count > than t table ($-3.654625 > 1.9840$); Likewise, P-value $0.0333 < 0.05$; so it can be concluded that H_0 is rejected, which means H_1 is accepted. This means that there is a negative and significant influence of the inflation variable on investment. This shows that every 1 unit increase in the inflation variable will increase investment by 0.150927 units.

3.3.3 Partial Influence of MSMEs on Investment

Table 3

Partial Influence	B3	t count	p-Value	Conclusion
The Influence of MSMEs on Investment	0,074475	3,155886	0,0000	Reject Ho, accept H1. There is a significant and positive influence of MSMEs on investment

Based on Table 3, the regression coefficient value for MSMEs (β_3) is 0.074475. The calculation results show that the t value is 3.155886 with a significance level (α) = 5%, degrees of freedom = n-k-1 or 108-7-1 = 100 and the test is carried out with two sides (2-tailed), obtained t table of 1.9840; so that t count > than t table (3.155886 > 1.9840); likewise the P-value 0.0000 < 0.05; so it can be concluded that H₀ is rejected which means H₁ is accepted. This means that there is a positive and significant influence from the MSME variable on investment. This shows that every 1 unit increase in the MSME variable will increase investment by 0.074475 units.

3.3.4 Partial Effect of Agricultural Infrastructure on Investment

Table 4

Partial Influence	B ₄	t count	p-Value	Conclusion
The Influence of Agricultural Infrastructure on Investment	0,126003	4,413716	0,0000	Reject H ₀ , accept H ₁ . There is a significant and positive influence of Agricultural Infrastructure on Investment

Based on Table 4, the regression coefficient value of Agricultural Infrastructure (β_4) is 0.126003. The calculation results show that the calculated t value is 4.413716 with a significance level (α) = 5%, degree of freedom = n-k-1 or 108-7-1 = 100 and the test is carried out with two sides (2-tailed), obtained t table of 1.9840; so t count > than t table (4.413716 > 1.9840); likewise the P-value 0.0000 < 0.05; so it can be concluded that H₀ is rejected which means H₁ is accepted. It can be observed that the Agricultural Infrastructure variable has a noteworthy positive influence on investment. It shows that every 1 unit increase in the Agricultural Infrastructure variable will increase investment by 0.126003 units

3.3.5 Partial Influence of Agricultural Land Infrastructure on Investment

Table 5

Partial Influence	β_5	t count	p-Value	Conclusion
Influence of Agricultural Land to Investment	0,235963	1,643566	0,1034	Reject H ₀ , accept H ₁ . There is a significant and positive influence of Agricultural Land Infrastructure on Investment

Based on Table 5, the regression coefficient value of Agricultural Land Infrastructure (β_5) is 0.235963. The calculation results show that the t value is 1.643566 with a significance level (α) = 5%, degrees of freedom = n-k-1 or 108-7-1 = 100 and the test is carried out with two sides (2-tailed), obtained t table of 1.9840; so that t count < than t table (1.643566 < 1.9840); likewise the P-value 0.1034 > 0.05; so it can be concluded that H₀ is accepted which means H₁ is rejected. This means that there is no

positive and significant influence from the Agricultural Land Infrastructure variable on Investment.

3.3.6 Partial Influence of Information Technology on Investment

Table 6

Partial Influence	B6	t count	p-Value	Conclusion
The Influence of Information Technology on Investment	2,635105	1,371681	0,1732	Reject Ho, accept H ₁ . There is a significant and positive influence of Information Technology on Investment

Based on Table 6, the value of the regression coefficient of Information Technology (β_6) is 2.635105. The calculation results show that the calculated t value is 1.371681 with a significance level (α) = 5%, degree of freedom = n-k-1 or 108-7-1 = 100 and the test is carried out with two sides (2-tailed), obtained t table of 1.9840; so that t count < than t table (1.371681 < 1.9840); likewise Pvalue 0.1732 < 0.05; so it can be concluded that H₀ is accepted which means H₁ is rejected. This means Information Technology variables do not significantly affect investment.

3.3.7 Partial Effect of Agricultural Infrastructure on Investment

Table 7

Partial Influence	B7	t count	p-Value	Conclusion
Influence of Infrastructure Agriculture against Investment	0,898830	4,470420	0,0000	Reject Ho, accept H ₁ . There is a significant and positive influence of Agricultural Infrastructure on Investment

Based on Table 7, the regression coefficient value of Agricultural Infrastructure (β_7) is 0.898830. The calculation results show that the t value is 4.470420 with a significance level (α) = 5%, degrees of freedom = n-k-1 or 108-7-1 = 100, and the test is carried out with two sides (2-tailed), obtained t table of 1.9840; so that t count > than t table (4.470420 > 1.9840); Likewise, P-value 0.0000 < 0.05; the rejection of the H₀ and acceptance of H₁ lead to the conclusion that investment is positively and significantly impacted by the Agricultural Infrastructure variable.

3.3.8 Determination Coefficient Test

Table 8

Simultaneous Influence	R2	F count	p-Value	Standard Error of Reg
The Influence of KUR, Inflation, Number of MSMEs, Agricultural Infrastructure, Agricultural Land Infrastructure, Information Technology and Human Development Index on Investment	0,712539	591,7711	0,000000	2,010006

Based on Table 4.29, the amount of contribution/contribution of all independent variables simultaneously to Investment is $R^2 = 0.712539$ or 71.2539 percent. Investment is largely influenced by KUR, inflation, the number of MSMEs, agricultural and land infrastructure, information technology, and human development index, accounting for 71.2539%. Other variables affect the remaining 28.7461% out of the research. These key factors should be considered when making investment decisions.

3.4 Discussion of Analysis Results

The magnitude of the influence of KUR, Inflation, Number of MSMEs, Agricultural Infrastructure, Agricultural Land Infrastructure, Information Technology, and the Human Development Index on Investment, is 71.2539 percent, and the remaining 28.7461 percent is influenced by other variables outside the research variables. Thus, the simultaneous influence of the independent variables, namely KUR, Inflation, Number of MSMEs, Agricultural Infrastructure, Agricultural Land Infrastructure, Information Technology, and the Human Development Index on Investment in Regencies/Cities in West Java Province, has a very significant influence. It is understandable, considering that the seven variables that affect investment in regencies/cities in West Java province are the dominant variables that can affect the level of investment in regencies/cities in West Java province. However, the total influence of other variables outside the established research model is still quite large, namely 28.7461 percent.

In adopting and establishing policies related to KUR, Inflation, MSMEs, Agricultural Infrastructure, Agricultural Land Infrastructure, Information Technology, and the Human Development Index, Regency/City Regional Governments in West Java Province must increase the availability of employment opportunities in the agricultural sector for people in the Province. West Java. In KUR, Regency/City Regional Governments in West Java Province must be able to increase financial inclusion for farmers in Regencies/Cities in West Java Province so that they can compete with residents from other regions. For 231 inflation variables, the Regency/City Regional Government in West Java Province must be able to maintain the regional inflation rate so that it is not too unequal with the surrounding area so that Regency/City residents in West Java Province do not get high levels of consumer prices, Regency/City Regional Governments in West Java Province must be able to provide investment convenience to investors while still considering the social and environmental impacts that arise as a result of MSMEs.

The magnitude of the influence of KUR on investment is 25.47 percent. This influence has an increasing impact because it has a positive notation value on the regression coefficient. This means that every 1 unit increase in the KUR variable will contribute to an increase in investment of 25.47 percent. Efforts to control the KUR variable itself can be carried out by

maximizing the ease of access for farmers to obtain bank credit facilities and providing socialization regarding KUR regularly, especially for areas with the primary agricultural sector.

The magnitude of the influence of inflation on investment is 2.26 percent. This influence has a decreasing impact because it has a negative notation value on the regression coefficient. This means that every 1 unit increase in the inflation variable will contribute to a decrease in investment of 2.26 percent. Efforts to control the Inflation variable itself can be carried out by carrying out Inter-Regional Cooperation (KAD) which includes all strategic food commodities, 236 Each commodity item is studied by each region, where regions that lack commodities take from surplus areas.

The magnitude of the influence of the number of MSMEs on investment is 6.02 percent. This influence has an increasing impact because it has a positive notation value on the regression coefficient. It means that every 1 unit increase in the MSME variable will contribute to an increase in investment of 6.02 percent. Efforts to control the MSME variables themselves can be carried out by continuing to socialize sources of capital and official funding intensively to MSME actors in the agricultural sector. Apart from that, identifying the potential for local products involving the community can also be a solution to encourage the increase of MSMEs in districts/cities in West Java Province.

The magnitude of the influence of Agricultural Infrastructure on Investment is 3.03 percent. This influence has an increasing impact because it has a positive notation value on the regression coefficient. This means that every 1 unit increase in the Agricultural Infrastructure Infrastructure variable will contribute to an increase in investment of 3.03 percent. Efforts to control the agricultural infrastructure variable itself can be carried out by continuing to provide stimulants and direct assistance to farmers to increase access to and ownership of agricultural infrastructure down to the lower middle-class farmer level. Apart from that, local governments should improve access and road conditions in areas that have a good agricultural sector, so that the agricultural sector can develop and increase investor interest.

The magnitude of the influence of Agricultural Land Infrastructure on Investment is 6.43 percent. This influence has an increasing impact because it has a positive notation value on the regression coefficient. It means that every 1 unit increase in the Agricultural Land Infrastructure variable will contribute to an increase in investment of 6.43 percent. Efforts to control the Agricultural Land Infrastructure variable can be carried out by increasing the suitability of the regional RTRW with regional development so that it continues to be synergistic and does not harm the agricultural sector. Apart from that, increasing the welfare of farmers and farm laborers must be carried out properly and regularly to reduce the rate of urbanization so that agricultural land in urban areas does not change its function to become a settlement.

The magnitude of the influence of Information Technology on Investment is 10.12 percent. This influence has an increasing impact because it has a positive notation value on the regression coefficient. It means that every 1 unit increase in the Information Technology variable will contribute to an investment increase of 10.12 percent. Efforts to control the Information Technology variable itself can be carried out by facilitating access and information networks to remote areas of West Java Province. Besides, the local government can create an agricultural sector information system that is up to date and provides good agricultural information and education to increase farmer production.

The magnitude of the influence of the Human Development Index on Investment is 22.44 percent. This influence has an increasing impact because it has a positive notation value on

the regression coefficient. This means that every 1 unit increase in the Human Development Index variable will contribute to an increase in investment of 22.44 percent. Efforts to control the Human Development Index variable itself can be carried out by continuing to maintain a high level of Human Development Index in West Java Province through compulsory education programs and providing employment workshops related to the agricultural sector. Apart from that, it increases people's accessibility to obtain a decent education, at least up to high school.[8]

The magnitude of the effect of investment on labor absorption is 83.0127 percent, and the remaining 16.9873 percent is influenced by other variables outside the research variables. With a regression coefficient value of 1.287714. The regression coefficient provided by Investment on Labor Absorption is 1.287714. Thus, the impact of the independent variable, namely Investment on Labor Absorption in Regencies/Cities in West Java Province, has a positive and significant influence. It is understandable, considering that the investment variable is a variable that affects labor absorption, which is the dominant variable that can affect the level of labor absorption.[9]

The magnitude of the influence of investment on poverty is 80.3318 percent, and the remaining 19.6682 percent is influenced by other variables outside the research variables, with a regression coefficient of -1.347305. The regression coefficient given by Investment on Poverty is -1.347305. Thus, the influence of the independent variable, namely Investment on Poverty in Districts/Cities in West Java Province, has a negative and significant influence. It can be understood, considering that the investment variable is 251 variables that influence poverty, which is the dominant variable that can influence the level of poverty.

4 Closing

4.1 Conclusion

There is a positive and significant influence of the KUR variable, Inflation, Number of MSMEs, Agricultural Infrastructure Infrastructure, Agricultural Land Infrastructure, Information Technology, and Human Development Index simultaneously on Investment in Regencies/Cities in West Java Province. The six independent variables are the dominant variables that shape investment in districts/cities in West Java Province. There is a significant influence of each variable: KUR, Inflation, Number of MSMEs, Agricultural Infrastructure Infrastructure, and the Human Development Index on Investment in Regencies/Cities in West Java Province. Meanwhile, the variables: Agricultural Land Infrastructure and Information Technology do not have a significant effect on MSME investment. The variable that has the greatest influence on investment is the KUR variable because West Java Province is a region that has many agricultural centers, so the agricultural sector is the primary sector run by its residents, especially in rural areas that require KUR funding. Meanwhile, the variable that has the tiniest outcome on investment is the number of MSMEs, yet the MSMEs have the smallest effect on investment. This MSME variable can provide another perspective on the decision-making process and can have a good impact on investment in districts/cities in West Java Province. There is a positive and significant effect of each investment variable on the Absorption of Labor in Regencies/Cities in West Java Province. This is because the Regency/City in West Java Province is one of the areas that has considerable

agricultural potential so investment in the agricultural sector will open up new jobs. There is a positive and significant effect of each investment variable on poverty in districts/cities in West Java Province. This is because investment in the agricultural sector can increase the availability of employment opportunities in regencies/cities in West Java Province which can increase people's income levels.

4.2 Suggestion

To control the variables KUR, Inflation, Number of MSMEs, Agricultural Infrastructure, Agricultural Land Infrastructure, Information Technology and the Human Development Index simultaneously on Investment, it can be done by taking steps including District/City Regional Governments in West Java Province must increase the availability of fields work in the agricultural sector for the community, must be able to increase financial inclusion for farmers, must be able to maintain the regional inflation rate so that it is not too unequal with the surrounding area, must be able to provide investment convenience to investors while taking into account the social and environmental impacts that arise as a result of MSMEs, must be able to improve Agricultural Infrastructure both in terms of access to potential agricultural areas and access to marketing of agricultural products, must be able to establish and implement policies in accordance with the RTRW so that they are in accordance with the direction of regional development but do not interfere with the agricultural sector and must be able to improve education and training programs for skilled workers in the agricultural sector in particular and in other supporting sectors.

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