The Analysis of Factors Affecting Rattan Investment in East Luwu Regency, South Sulawesi: A Case Study in Indonesia

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Abstract:
Rattan is generally better known as a woven craft material for various products such as baskets, mats, lampits, bags, furniture, bridges, bats, ropes, takraw balls, children's toys, and so on. Rattan is an industrial raw material that is classified as environmentally friendly so that the products of the processed rattan industry, directly, are also environmentally friendly products. The policy of banning the export of raw rattan (raw materials) encourages investment in the rattan processing industry. Especially those that produce furniture products and other rattan-based handicrafts. However, from various rattan discussion forums, it has been revealed that there are many things that have not been accommodated by government policies, because they have not touched the problems that exist in the field, both regarding the issue of resources, rattan farmers/collectors, traders, processors, and the rattan trade system itself. To take advantage of this comparative advantage, it is necessary to conduct research on the analysis of the factors that affect the rattan investment in East Luwu district, South Sulawesi.

Keywords — Rattan, investment.

I. INTRODUCTION

As one of the countries traversed by the equator, Indonesia belongs to a tropical climate with two changing seasons, namely summer and rainy season, which change on a time scale of six months, respectively. Indonesia has advantages in many ways, especially abundant natural wealth, ranging from marine wealth, mineral wealth, plantation products such as tea, oil palm, cloves, timber forest products to non-timber forest products such as rattan, resin, and others.

Rattan is generally better known as a woven craft material for various products in the form of baskets, mats, lampits, bags, furniture, bridges, bats, ropes, takraw balls, children's toys, etc. Rattan itself (Calamus rotang) is a plant that belongs to the classification of climbing thorny palm (from bottom to top) which is included in non-timber forest products with high potential for sale and investment in Indonesia. Rattan is an important plant in the manufacture of tools to support activities of daily human life. Rattan material can also be made into furniture products that keep up with the times to become the latest furniture that is always appropriate in the interior design of various styles and cultures.

Rattan is an industrial raw material that is classified as environmentally friendly so that the products of the processed rattan industry, directly, are also environmentally friendly products. The availability of rattan is very abundant in Indonesia's forests, especially in the areas of Kalimantan, Sulawesi, and Sumatra, with an average production of 690,000 tons in 2010, making Indonesia the main supplier of the world's rattan needs[1].

The government expects the active role of the business world to take advantage of this comparative advantage so that Indonesia will not only become the largest producer of raw materials, but also become a major producer of finished rattan products in the world. Business developments also have an impact on increasing competitiveness between companies so that every company is required to always develop its strategy. One form of corporate strategy in supporting the company's performance is to join the capital market. The capital market has an important role in supporting the economy of a country because the capital market has two functions at once, namely the economic function and the financial function. The capital market is a place where parties who have excess funds (investors) meet with those who need funds (companies) by trading securities[2]. The presence of the capital market has an important role for investors, both individual investors and business
entities. They can channel their excess funds to invest, so that business actors can obtain additional capital funds to expand their business network from investors in the capital market.

East Luwu is one of the regencies in South Sulawesi Province which is a rattan-producing area with the types of rattan stems, rattan emblems, and rattan tarumpu[3]. Based on the results of the realization of non-timber forest product production in South Sulawesi Province in 2012, which consisted of 11 (eleven) districts in South Sulawesi, East Luwu Regency was ranked 4th (fourth) as the district with the highest number of non-timber forest product (rattan) production (72.65 tons) after Enrekang Regency (150 tons), North Luwu Regency (159 tons), and Sidrap Regency (1000 tons). To take advantage of this comparative advantage, it is necessary to conduct research on the analysis of the factors that affect rattan investment in East Luwu Regency, South Sulawesi.

II. LITERATURE REVIEW

A. Rattan

The existence of rattan resources that are almost evenly distributed throughout Indonesia is an opportunity and a challenge for the local area to use it as a reliable commodity, especially for regional development and community welfare capital as well as capital for national economic development. The existence of the rattan processing industry will depend on market conditions. If market conditions are supportive, the smooth running of raw materials needs to be continuously supported. Until now, the use of rattan is generally used in the manufacture of various household furniture and crafts such as tables, chairs, bookcases, baskets, etc. The advantages of rattan compared to wood are that it is light, strong, easy to shape, and the price is relatively cheap.

In addition to rattan processing activities, rattan trade has also been carried out a lot. The establishment of trade relations with foreign parties has spurred the increasing role of rattan products to increase the contribution of state revenues that deserves to be considered. This rattan product has also increased leading export revenues apart from oil and natural gas, and can be aligned with other major agricultural export revenues such as coffee, rubber, and palm oil.

However, it turns out that rattan is still not enough to show high competitiveness in its processing. The designs they have are still not very developed from the form of furniture, baskets, sports equipment, and several other product forms. This is presumably because the government and other relevant agencies in the regions have not shown the same serious attention that has been given to other forest products, especially wood. As is known, wood is still used as a barometer of the success of Indonesia's export of forest products. In trade, there are several standard names for rattan, namely: rattan, binrattan, canes, and corepeel. Rattan and binrattan are general terms (scientific and trade) for round and unprocessed types of rattan. Canes is a term for split rattan, handicraft, or woven. Corepeel is a term for a type of liver or pitrite rattan, which is rattan that has been split and peeled. Products in the form of canes and corepeel are intended to increase and increase the usability of rattan [4].

B. Rattan Investment

Investment is the placement of a number of funds in the hope of maintaining, increasing value, or providing a positive return [5]. Investment is the investment of money in the hope of getting results and added value [6]. According to [7] investment is the expenditure of goods that are not consumed at this time where based on the time period, investment is divided into three, namely short-term investment, medium-term investment, and long-term investment. Investment is a commitment of a number of funds in a period to get the expected income in the future as a unit of compensation. Units invested include time spent, expected inflation rate and future uncertainty. According to [8], investment is a commitment of a certain amount of funds over a period to get the expected income in the future as compensation for the units invested. Meanwhile [9] defines investment as the use of money with the intention of earning income. Investment is an investment in a company, with the aim of increasing the wealth of a corporation or company. Investments are also defined as goods purchased by individuals or companies to increase their capital stock [10]. Investment according to economic theory means the purchase (and production) of capital goods that are not consumed but are used for future production. Investment is a component of Gross Domestic Product. The investment function in this aspect is divided into non-residential investment and residential investment. Investment is a function of income and interest rates. An increase in income will encourage greater investment, whereas a higher interest rate will reduce interest in investing as it will be more expensive than borrowing money.
From the definition of investment that has been described previously, investment is an action of investing money that has several objectives. The objectives of the investment include:

a. Earn Fixed Income
   For example, if you invest in a company, you are entitled to a certain percentage of the company's profits on a regular basis as long as you invest in the company. So in this case you will continue to receive royalties or profits..

b. Enlarge Business
   Apart from being in the form of profits in the form of money, investing can be used for social purposes, expanding businesses and others.

c. Business Guarantee
   If you invest in suppliers, there will be a guarantee that your business will not lack raw materials and continue to get a market to sell products.

d. Reduce Competition
   Investment can also reduce competition between companies engaged in the same field.

With regard to the investment objectives mentioned above, many business actors invest with the main objective of making a profit and expanding their business. Referring to the notion of investment which means as a form of investment, investment in business is beneficial, namely:

a. Increasing Assets
   One example is when someone purchases land or property today as an investment, then sells it in the future at a selling price that is many times the purchase price.

b. Meeting Future Needs
   Investing at this time aims to be used to support the necessities of life in the future. One example is investing in gold, where the aim is to sell it in the future as a children's education fund.

c. Thrifty Lifestyle
   By investing, someone will try to allocate their money for important things only. In the end, this will make the person more frugal.

d. Avoiding Debt and Receivables
   Still related to point #3, with a frugal and simple lifestyle, of course someone will avoid debt problems. Those who have committed to investing regularly will avoid debt problems. And eventually will make his finances better than before.

III. RESEARCH METHODOLOGY

A. Research Method

The method applied in this study is the AHP (Analytical Hierarchy Process) method. AHP is a model for decision making that can help the human frame of mind. The main tool of this model is a functional hierarchy with the main input being human perception. Basically AHP is a method that breaks down a complex and unstructured problem into its groups, organizing these groups into a hierarchy; Entering numeric values as a substitute for human perception in making relative comparisons and finally with a synthesis it is determined which element has the highest priority. Or in other words, the principle of the AHP method is to give weight to each factor, variable, and indicator by comparison between factors, variables, indicators with one another. The greater weight of an indicator indicates a more important indicator than other indicators in determining the investment attractiveness of a region. The weighting with the AHP model for factors, variables, and indicators is determined through in-depth interviews with respondents from regional business actors who come from the field research area. Following are the stages of AHP analysis:
1. Problem Identification
   Define the problem or define the main goal. Determine what you want to achieve.

2. Decomposition
   After the problem is defined, then decomposition is carried out, namely breaking the whole problem into its elements (this process is called a hierarchy). Problems in AHP are decomposed into a hierarchy of criteria and alternatives.

3. Comparative Judgement
   This principle is carried out by assessing the relative importance of two elements at a certain level in relation to the level above it. The assessment affects the priority of the existing elements. The results of this assessment are written in a pairwise comparison matrix. With pairwise comparisons, it can be seen the degree of relative importance between criteria.

   The base scale that can be used in the preparation of this importance scale are (Table 1):

   Table 1. The Base Scale

<table>
<thead>
<tr>
<th>Level of Interest</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Equal</td>
</tr>
<tr>
<td>3</td>
<td>Moderate</td>
</tr>
<tr>
<td>5</td>
<td>Strong</td>
</tr>
<tr>
<td>7</td>
<td>Very Strong</td>
</tr>
<tr>
<td>9</td>
<td>Extreme</td>
</tr>
<tr>
<td></td>
<td>Both elements are equally important</td>
</tr>
<tr>
<td></td>
<td>One element is slightly more important than the other</td>
</tr>
<tr>
<td></td>
<td>One element is more important than the other</td>
</tr>
<tr>
<td></td>
<td>An element is very important compared to other elements</td>
</tr>
<tr>
<td></td>
<td>An element is absolutely very important compared to other elements</td>
</tr>
</tbody>
</table>

4. Synthesis of priority
   From each pairwise comparison matrix, the local priority or total priority value is then searched. There are pairwise comparison matrices at each level, so to get a global priority, a synthesis must be carried out between local priorities.

5. Logical consistency
   Respondents must have consistency in doing element comparisons. Acceptable assessment results are those who have a CR ≤ 10% (0.1).

B. Participants
   Part of this research are rattan business actors in the research area, where two people come from the DPRD, one person comes from the Forestry Service, one person comes from Disdangkop, one person comes from the Manpower Office, two business actors in the rattan sector, two people from associations business, and one person is from DPMPTSP.

C. Instruments
   1) In-depth Interview
   The data on the weighting of each factor and indicator was carried out through in-depth interviews with the help of the Analytic Hierarchy Process (AHP) questionnaire to respondents from regional business actors and
economic observers. Research data collection is also carried out by in-dept interviews using interview guidelines to a few resource persons who are familiar with various situations related to the business/investment climate in the field research area, including: from businessmen and local governments, both executive and legislative. This in-dept interview was conducted to obtain a clearer picture of the attractiveness of the region to regional investment, as well as to see the policies made by local governments related to investment and the business world.

2) **Survey**

Collecting data on perceptions of the business world about the attractiveness of regional investment is carried out by surveying using a questionnaire (structured list of questions) distributed by mail questionnaires. By using a structured, systematic, and selected questionnaire that is representative of the respondent, it is possible that the data filled in the questionnaire is data that has a high objectivity value in accordance with the individual's knowledge/understanding/belief about the object of attitude (cognitive) because of experience, the length of time a person experiences an activity (work) or faces the problem being studied.

**D. Data Analysis**

In this study, technical data analysis was carried out in two stages, the first was the creation of a recommendation system application using the Analytical Hierarchy Process (AHP) method and the second was a database software selection questionnaire using the recommendation system application. Making the recommended system application using the AHP approach with the Microsoft Visual Basic 6.0 programming language has 4 (four) steps as follows: Step 1, compiling the AHP Hierarchy Diagram, Step 2, entering the Pairwise Matrix data, Step 3, Finding Priority Weights (Eigenvectors).

### Eigenvectors = ΣCriteria / n

Ratio Step 4 is Finding the Consistency Ratio.

This measurement is intended to determine the consistency of the answers that will affect the validity of the results. The formula is as follows:

\[
CI = \frac{\lambda_{\text{max}} - n}{n-1}
\]

To find out whether the CI with a certain magnitude is good enough or not, it is necessary to know the ratio that is considered good, namely CR ≤ 0.1. The CR (Consistency Ratio) formula is:

\[
CR = \frac{CI}{RI}
\]

Basically, AHP can be used to process data from only one respondent. For more than one respondent, to get the calculation results, they must be combined using the geometric average with the following formula [11]:

\[
\overline{X_g} = \sqrt[n]{X_1 X_2 \ldots X_n}
\]

Where:

- \(\overline{X_g}\) = geometric mean
- \(n\) = number of respondents
- \(X_i\) = assessment by respondent \(i\)
IV. FINDING AND DISCUSSION

A. Analysis of Factors Affecting Rattan Investment

Table 2 Priority Factors Affecting Rattan Investment in East Luwu Regency

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Business Assurance</th>
<th>Labor</th>
<th>Private Sector Participation</th>
<th>Government Policy</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Assurance</td>
<td>0.0556</td>
<td>0.0139</td>
<td>0.0116</td>
<td>0.1406</td>
<td>0.0554</td>
</tr>
<tr>
<td>Labor</td>
<td>0.3889</td>
<td>0.0972</td>
<td>0.407</td>
<td>0.0781</td>
<td>0.2428</td>
</tr>
<tr>
<td>Private Sector</td>
<td>0.2278</td>
<td>0.0139</td>
<td>0.0581</td>
<td>0.0781</td>
<td>0.1070</td>
</tr>
<tr>
<td>Government Policy</td>
<td>0.2778</td>
<td>0.875</td>
<td>0.5233</td>
<td>0.7031</td>
<td>0.5948</td>
</tr>
</tbody>
</table>

Table 2 shows a comparison of paired factors that affect rattan investment in East Luwu Regency. The two elements are compared by considering the level of preference of one element to another based on certain criteria, resulting in the formulation of the most influential variables in analyzing the factors that affect rattan investment in East Luwu Regency, South Sulawesi. In the hierarchy there are four main factors, namely the factor of business certainty, labor, private sector participation, and government policies. Based on the results of the priority weight analysis on the main factors, it was found that the government policy factor obtained the largest scoring value (0.5948). Then, sequentially, those that affect rattan investment are labor (0.2428), private sector participation (0.1070), and business certainty (0.0554). Government policy is the most influential factor, this is because rattan investment should be in line with applicable regulations in order to improve the investment climate.

B. Analysis of Indicators Affecting Rattan Investment

The weighting of each indicator is based on the respondents’ answers to the AHP questionnaire assessment. Indicator analysis aims to see the level of affect of an indicator element on the factors contained at the factor level. From the data processing, the following results were obtained:

1. Business Certainty Factor Indicators

Business certainty affects rattan investment in East Luwu Regency, namely the clarity of the tax system, tax and customs withdrawals, tax incentives, and worker wages. Based on the results of the weighting according to the respondent's answers, it was found that the worker's wage indicator greatly affects the business certainty factor (0.6393). The next indicators that become the priority scale are tax intensity (0.2264), tax and customs withdrawals (0.0957), and clarity of the tax system (0.0386).
Table 3: Priority Indicators of Business Assurance Factors

<table>
<thead>
<tr>
<th>Sub Criteria</th>
<th>Clarity of the Taxation System</th>
<th>Withdrawal of Taxes and Customs</th>
<th>Tax Incentive</th>
<th>Workers' Wages</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clarity of the Taxation System</td>
<td>0.0455</td>
<td>0.0116</td>
<td>0.0139</td>
<td>0.0833</td>
<td>0.0386</td>
</tr>
<tr>
<td>Withdrawal of Taxes and Customs</td>
<td>0.2273</td>
<td>0.0581</td>
<td>0.0139</td>
<td>0.0833</td>
<td>0.0957</td>
</tr>
<tr>
<td>Tax Incentive</td>
<td>0.3182</td>
<td>0.4070</td>
<td>0.0972</td>
<td>0.0833</td>
<td>0.2264</td>
</tr>
<tr>
<td>Workers' Wages</td>
<td>0.4091</td>
<td>0.5233</td>
<td>0.8750</td>
<td>0.7500</td>
<td>0.6393</td>
</tr>
</tbody>
</table>

Based on Table 3, it is known that the wage indicator of workers is very influential on business certainty. According to business actors, the thing that greatly affects productivity results is the wages of workers. If the wages given by the company are in accordance with the services or sacrifices provided, it can indirectly spur work morale. With a good wage system, it will increase productivity. With high productivity, it will affect the increase in labor production [12]. In terms of the tax system, business actors consider it clear regarding the determination of rattan as a certain taxable item that is strategic in nature from various perspectives, including the value added side of rattan. Rebuilding the business world in the field of rattan crafts, the development of the domestic rattan business world has an affect in creating jobs for the community. So that the welfare and prosperity of the community is created. When viewed from the economic realm, the purpose of providing Value Added Tax facilities exempted on rattan is to support the development of the nation's economy.

2. Labor Factor Indicators

The labor factor is a very important factor in the formation of added value of an economic activity. An illustration of how much added value an economic activity gives each worker to an economic activity can be seen by calculating labor productivity. Increased production capacity due to investment certainly requires labor productivity. Foreign investors will be more interested in making foreign investment if it is assumed that there is an adequate workforce available to make their investments.

Not only in terms of quantity, but the quality of the workforce is also an important factor. Non-mechanical industries, such as the people's handicraft industry and the finished goods industry, do not depend on the availability of raw materials in one area, but rather on the skills and expertise of the workforce. The rattan craft industry, which relies on the skills and expertise of the workforce, grows and develops in craft centers supported by the development of facilities and infrastructure, namely the availability of labor, the expertise/quality of the workforce, and the openness of the workforce, which are the main things in measuring performance.

Based on the calculation results, it was found that the labor factor indicator was the skill (quality) of the workforce that had the most affect on rattan investment in East Luwu Regency (0.5425). The next indicators are labor openness (0.1544) and labor availability (0.0531). Priority for each indicator can be seen in Table 4.
Table 4: Priority of Labor Factor Indicators

<table>
<thead>
<tr>
<th>Sub Criteria</th>
<th>Labor Availability</th>
<th>Expertise/Quality of Labor</th>
<th>Labor Openness</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Availability</td>
<td>0.0769</td>
<td>0.1111</td>
<td>0.0244</td>
<td>0.0531</td>
</tr>
<tr>
<td>Expertise /Quality of Labor</td>
<td>0.5385</td>
<td>0.7778</td>
<td>0.8537</td>
<td>0.5425</td>
</tr>
<tr>
<td>Labor Openness</td>
<td>0.3846</td>
<td>0.1111</td>
<td>0.1220</td>
<td>0.1544</td>
</tr>
</tbody>
</table>

Based on Table 4, in determining the indicator of labor factor, the influential indicator is the expertise (quality) of labor (0.5425). This shows that in choosing a business location, business actors are more interested in areas that provide personnel with good expertise (quality). The expertise (quality) of the workforce can be affected by educational factors, number of family dependents, incentives, age, length of work, and wages. Labor as an active resource is one of the factors for the smooth running of a production process in a company or organization. Labor as a factor of production has a great meaning. Because all natural resources are useless if they are not exploited by humans and processed by workers. Nature has given innumerable riches, but without human effort, all of nature's wealth will be preserved.

3. Private Sector Participation Factor Indicators

The private sector participation factors in rattan investment in East Luwu Regency, namely the capacity of the rattan industry, the type and quality of rattan, and the marketing of rattan products. The results of the weighting of each private sector participation factor indicator can be seen in Table 5.

Table 5: Priority indicators for private sector participation

<table>
<thead>
<tr>
<th>Sub Criteria</th>
<th>Rattan Industry Capacity</th>
<th>Types and Quality of Rattan</th>
<th>Rattan Products Marketing</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rattan Industry Capacity</td>
<td>0.1220</td>
<td>0.3846</td>
<td>0.0175</td>
<td>0.1310</td>
</tr>
<tr>
<td>Types and Quality of Rattan</td>
<td>0.0244</td>
<td>0.0769</td>
<td>0.8596</td>
<td>0.2402</td>
</tr>
<tr>
<td>Rattan Products Marketing</td>
<td>0.8537</td>
<td>0.5385</td>
<td>0.1228</td>
<td>0.3787</td>
</tr>
</tbody>
</table>

Based on Table 5, it can be seen that the marketing of rattan products is the indicator that most affects the private sector participation factor in East Luwu Regency (0.3787). Furthermore, the second indicator is the type and quality of rattan (0.2402) and the third is the capacity of the rattan industry (0.1310). The weighting is carried out to see that the marketing balance of rattan products has the most affect on private sector participation. Indonesia has a competitive advantage that can be an opportunity to compete in the export market. One of them is in terms of rattan furniture. The factor of excellence in the furniture industry that Indonesia has is the Natural Resources factor. The abundance of raw materials, including rattan, spread throughout Indonesia is an advantage that other countries do not have. Based on data from the Ministry of Industry, wood furniture production in 2018 reached 80% of the total production, while furniture made from rattan and bamboo reached 11%. As a world furniture production country, of course, it has a wide export market. One of them is the United States, which is a market country and the main export destination for the Indonesian furniture industry. Then followed by Japan, the Netherlands, England, Germany and other countries.
In an effort to increase the marketing of rattan products, there are several things that must be considered for increasing exports, namely:

a. Improvement of human resources,

b. Improvement of science and technology as well as information

c. Reduction of loan interest rates

d. Quality development and product standardization,

Apart from these considerations, the role of the government is very much needed. With the government's policy regarding the regulation on the prohibition of rattan exports as stipulated in the Regulation of the Minister of Trade of the Republic of Indonesia No.35/2011 concerning the provisions on the export of rattan and rattan products in effect in 2012, it is intended to close access to rattan exports in order to encourage the handicraft industry to process rattan into goods. So, to dominate the global export market and be more competitive with Vietnam and China, which incidentally do not have abundant rattan raw materials like Indonesia. The interesting thing is how to build an efficient marketing network for the rattan industry players. This is intended so that business actors can survive and continue to market their products which are all made of rattan to the international market.

4. Indicators of government policy factors

The government's policy factors for rattan investment in East Luwu Regency include indicators of rattan industry incentives, regulatory certainty, securing rattan investment, and policy transparency. The results of the weighting can be seen in Table 6.

Table 6 Priority Sub Criteria (Indicators) Government Policy Factors

<table>
<thead>
<tr>
<th>Sub Criteria</th>
<th>Rattan Industry Incentive</th>
<th>Regulatory Certainty</th>
<th>Rattan Investment Security</th>
<th>Policy Transparency</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rattan Industry Incentive</td>
<td>0.0455</td>
<td>0.0833</td>
<td>0.0139</td>
<td>0.0116</td>
<td>0.0386</td>
</tr>
<tr>
<td>Regulatory Certainty</td>
<td>0.4091</td>
<td>0.7500</td>
<td>0.8750</td>
<td>0.5233</td>
<td>0.6393</td>
</tr>
<tr>
<td>Rattan Investment Security</td>
<td>0.3182</td>
<td>0.0833</td>
<td>0.0972</td>
<td>0.4070</td>
<td>0.2264</td>
</tr>
<tr>
<td>Policy Transparency</td>
<td>0.2273</td>
<td>0.0833</td>
<td>0.0139</td>
<td>0.0581</td>
<td>0.0957</td>
</tr>
</tbody>
</table>

In table 6 it can be seen that the indicator of regulatory certainty is the most influential factor in government policy on rattan investment in East Luwu Regency (0.6393). The next indicators that affect government policies are rattan investment security (0.2264), policy transparency (0.0957), and incentives for the rattan industry (0.0386). It can be seen that the most influential indicator in determining the factors making up government policy is regulatory certainty. These results illustrate that business actors are currently very concerned about regulatory certainty, compared to incentives for the rattan industry, securing rattan investment, and policy transparency.

The decline in the rattan industry that occurred in Indonesia could be due to government policies that are always changing, which is quite a sign that the right policy solutions from the government in rattan investment have not been fulfilled. The Indonesian government's policy on raw rattan commodities, which changes every year is suspected to have contributed to the deterioration of the competitiveness of Indonesia's rattan investment. The many demands from the upstream industry led the government to issue a policy in mid-2005 through the Decree of the Minister of Trade No.12/M-DAG/PER/6/2005 dated June 30, 2005, regarding provisions on rattan exports which also contained a policy of lifting the ban on rattan exports. The government then began to respond to the changes that occurred, namely with the issuance of the Regulation of the Minister...
of Trade of the Republic of Indonesia, through Decree No. 28/M-DAG/PER/10/2011 on November 30, 2011, related to the ban on the export of raw rattan raw materials, random rattan, W/S rattan, and semi-finished rattan.

In relation to the business world's perception of the investment attractiveness of a country or region, several studies have shown that investment, both in the form of domestic and foreign investment, requires a healthy business climate and ease of access, as well as clarity of investment procedures. In general, investment will enter an area depending on the attractiveness of the area to investment, assisted by a conducive investment climate. The success of a region in increasing its attractiveness to investment depends on the ability of the region to formulate policies related to investment and the business world as well as improving the quality of services to the community.

V. CONCLUSION

Based on the results of research and discussion, it can be concluded that:

1. Government Policy Factors have the greatest degree of affect. The scoring value of this factor is 0.5948. Then, the factors that affect the next rattan investment are Labor (0.2428), Private Sector Participation (0.1070), and Business Certainty (0.0554).

2. Indicators of government policy factors that have the most affect are indicators of regulatory certainty with a scoring value of (0.6393), then rattan investment security (0.2264), policy transparency (0.0957) and incentives for the rattan industry (0.0386), sequentially.

3. The most influential labor factor indicator is the expertise/quality of labor indicator with a score of (0.5425), then labor openness (0.1544) and labor availability (0.0531).

4. The most influential private sector participation factor indicator is the marketing indicator for rattan products with a scoring value of (0.3787), the next sequence is the type and quality of rattan (0.2402) and the rattan industry capacity (0.1310).

5. The indicator of the most influential business certainty factor is the worker's wage indicator with a scoring value of (0.6393), the next sequence is tax incentives (0.2264), tax and customs withdrawals (0.0957), and clarity of the tax system (0.0386).

REFERENCES


