

Analysis of Investment Potential Based on Financial Performance in the Education Services Sector in Kendari City



Sulvariany Tamburaka¹, Erwin Hadisantoso², Tuti Dharmawati³, Andi Muhammad Fuad R⁴, Si Made Ngurah Purnaman⁵, Audi Aulia⁶, Nur Resqy Septrian⁷

^{1,2,3,4,5,6,7} Department of Accounting, Faculty of Economics and Business, Halu Oleo University, Indonesia

ABSTRACT: This research aims to determine and analyze the potential for financial investment in the education sector. The population in this study were all schools and colleges in Kendari City. The sample in this study was 136 schools and colleges. The data collection method uses documentation. Data analysis uses descriptive analysis methods from the financial performance analysis stages which include Location Quotient (LQ) analysis and SWOT analysis. The results of this research show that (1) Based on the LQ analysis, there are several areas that have the potential to invest in the education sector, including Kambu District, Kadia District, and Baruga District. (2) Based on the results of the SWOT analysis, several strategies were found to increase investment potential, including increasing motivation in Teaching and Learning Activities as well as providing facilities and infrastructure that support activities in the education sector.

KEYWORDS: Investment, Financial Performance, Education, Services Sector, SWOT.

I. INTRODUCTION

The development of science and technology has caused a transformation from an industry-based economy to a service-based economy. One sector that is currently developing is education services. The concept of education as an investment has developed rapidly and it is increasingly believed by every country that the development of the education sector is a key prerequisite for the growth of other development sectors. The concept of human capital investment which can support economic growth emphasizes the importance of investing in human skills.

The development of the education sector with people as its core focus has contributed directly to the economic growth of a region, through increasing the skills and production capabilities of the workforce. Apart from being a consumer aspect, education is also believed to be a human capital investment and is a "leading sector" or one of the main sectors. Because the government's attention to the development of this sector is serious, for example the political commitment of the education sector budget is no less than that of other sectors, so that the success of education investment is correlated with the progress of macro development.

Educated human resources will be the main capital for national development, especially for economic development. The more people who are educated, the easier it is for a country to develop its nation. This is because human resources have acquired skills, knowledge and technology so that it is easier for the government to drive national development. To implement quality Human Resources (HR), the level of education is one of the influences in determining the quality of thinking of human resources. The higher the level of education, the level of knowledge and HR skills becomes one of the targets of investors in developing their business.

Kendari City is an area that has strategic investment potential for the lives of the people of Sulawesi and outside Sulawesi in general. The potential is related to the very strategic location of Kendari City from a geographical aspect, namely that it is the capital of Southeast Sulawesi Province, so it is the main center for all activities between regencies/cities in Southeast Sulawesi Province. If this entire potential can be exploited efficiently, it will accelerate economic development in order to realize the welfare of the people of Kendari City.

Kendari City's economic development can be described through one indicator, namely Gross Regional Domestic Income (GRDI). GRDI according to business fields in Kendari City has increased from year to year. Kendari city's GDI was recorded until

Analysis of Investment Potential Based on Financial Performance in the Education Services Sector in Kendari City

2022 at IDR 26,455,947 million. One sector that has a large contribution to GRDI is the education services sector. The education services sector experienced a significant increase of IDR 219,169.66 million or 1.8 times higher than the previous year.

The phenomenon that occurs shows the importance of conducting research or analysis of investment potential based on financial performance in the education sector in Kendari City. This research will use Location Quotient (LQ) analysis to determine potential areas for the education sector in Kendari City, especially in each sub-district and SWOT analysis to determine opportunities and obstacles in investing in the education sector.

II. BASE THEORY

This research uses several theories related to investment potential, namely the theory of economic growth and investment theory. Kuncoro (2013) states that the development approach is interpreted as increasing the GRDP of a province, district or city. Generally GRDI is calculated based on two approaches, namely based on current prices and constant prices. GRDI shows the total added value produced by the population in a certain period.

The growth center theory (The Growth Pole Theory) is considered appropriate in the investment development of cities, regions, areas or places where it is used to concentrate population activities. Cities are trade centers, industrial centers, growth centers, distribution nodes, residential centers, or capital areas. Areas outside concentration centers are referred to as hinterland areas, agricultural areas, or rural areas (Tarigan, 2004).

Local economic growth is defined as economic development focused on growing competitiveness or the ability to create regional economic growth. In terms of terms, the terminology local or economic area is used to describe geographic areas or government areas that have a close economic base. Local economic development describes the process by which local governments are able to organize business activities.

Local economic development is carried out with the aim of improving society by using resources and creating full employment opportunities. Local governments, namely provincial and city/district governments, must be able to utilize human resources, natural resources and institutional resources. This understanding can be perspective in the context of Semarang City, namely how to improve the quality of economic development by utilizing local resources sourced from local communities. Local economic development is carried out by stakeholders (government, private sector and community) with an emphasis on increasing competitiveness, sustainable economic growth. sustainable, and job creation is designed and implemented through the active role or initiative of stakeholders.

Sumantoro (1983) defines investment objectives based on the interests of investors and the interests of the government. The investment objectives of economically oriented investors are; the opportunity to try to gain profits, invest capital in the hope of obtaining added value that is greater than the capital invested, try to maintain and avoid losses caused by the decline in the value of money. Meanwhile, investment objectives seen from the government's interests involve the interests of the wider community, both individuals and national and foreign private parties. Investment is directed at financing macro development activities related to public utilities.

According to Sadono, in (Hermayeni, 2015) investment is a company's capital expenditure or expenditure to purchase goods and production equipment to increase the production capacity of goods and services included in the economy. Investment is different from saving, which is classified as investment if you obtain funds from the bank to build a factory in an effort to create a product/production process. When viewed from the actor's perspective, investment is divided into two categories, namely Domestic Investment and Foreign Investment.

The growth model that is driven by increased investment is related to the meaning of multiplier and the meaning of accelerator. The multiplier in relation to the investment function is that additional investment produces a multiple greater addition to production results and income. The principle of acceleration is basically based on the capital stock desired by entrepreneurs depending on the level of demand for their production results. The level of aggregate demand is determined by the level of national income. In this way, net investment is related to the increase in the level of national income.

One of the drivers of economic growth is a good investment climate and high productivity. Investment that has high productivity means increasing production capacity and at the same time increasing output, so that it can increase the rate of economic growth. Regional autonomy began in 2001, regional governments have the authority to regulate sources of regional original income. This aims to increase economic growth and conducive investment in the region.

Widiansyah (2017) explains that investment in the education sector is a form of capital investment by allocating costs for providing education and taking advantage of the human resources produced. In this context, education is seen as a human learning industry, meaning that through education humans will have the abilities and skills that are very necessary for a country's economy to increase individual income and national income. Investments in education have a long period of time to

Analysis of Investment Potential Based on Financial Performance in the Education Services Sector in Kendari City

see the results. The results of investment in education do not take the form of direct profits, but rather benefits for the individual receiving the education and the state.

The concept of education as an investment (education as investment) has developed rapidly and it is increasingly believed by every country that the development of the education sector is a key prerequisite for the growth of other development sectors. According to Nurulfalik (2004), the concept of human capital investment which can support economic growth has actually been thought about since the time of Adam Smith (1776), Heinrich Von Thunen (1875) and other classical theorists. before the 19th century which emphasized the importance of investing in human skills. In developed countries, education, apart from being a consumptive aspect, is also believed to be a human capital investment and is a "leading sector" or one of the main sectors. Because the government's attention to the development of this sector is serious, for example the political commitment of the education sector budget is no less than that of other sectors, so that the success of education investment is correlated with the progress of macro development.

It is now recognized that the development of a country's human resources is a fundamental element for its prosperity and growth and for the effective use of its physical capital resources. Investment in the form of human capital is an integral component of all development efforts. Education must cover a broad spectrum in the life of society itself.

III. RESEARCH METHODS

The locations of this research are schools and universities, as well as other related institutions that are relevant to the research. This research location was chosen because of the availability of data needed in research. The time for this research is 2 months in the 2023 fiscal year. The objects of this research are:

1. Data regarding the amount of Gross Regional Income (GRDI) in Kendari City is included in Kendari in Figures 2023 for the 2020-2022 period.
2. Data regarding the population of each sub-district is published in Kendari in Figures 2023 for the 2020-2022 period.
3. Data regarding the number of pupils and students in each sub-district is contained in Kendari in Figures 2023 and the Higher Education Data Base (PDDIKTI) for the 2020-2022 period.

The population of this research is all schools and colleges in Kendari City. The sample for this research is all schools and colleges in Kendari City, and some of them will be given questionnaires as respondents for supporting data.

The data that has been obtained will be analyzed using descriptive methods from the financial performance analysis stages, namely Location Quotient (LQ) Analysis and SWOT Analysis. Location Quotient (LQ) analysis is an analytical technique used to measure investment potential in all economic sectors in Kendari City, so that it can be used to make investment decisions, especially in the education sector.. A well-developed leading sector will have a significant influence on regional economic growth which in the end can increase regional income optimally. This LQ analysis is used to see how investment potential areas are in Kendari City, especially in each sub-district which has potential in the education sector.

The LQ calculation uses the Gross Domestic Regional Product (GRDP) of each sub-district sector in Kendari City compared to that sector as a whole in Kendari City. Calculation of Gross Domestic Regional Product (GRDP) for each sub-district sector in Kendari City can be calculated using the indirect method. The allocation used in the indirect GRDP calculation for each sub-district is based on:

1. The education sector allocates Regency/City GRDP to each sub-district using an allocator for the number of students at all levels of education from kindergarten to university.
2. Another sector allocates Regency/City GRDP to each sub-district using an allocator of population in each sub-district The way to calculate the LQ value for the education sector in Kendari city is as follows:

$$LQ = \frac{V_i(s)}{V(s)}$$

$$V_i r / V_r$$

Information:

$V_i(s)$: Total GRDP of a sector in the study area(district)

$V(s)$: Total GRDP in the study area(subdistrict)

$V_i r$: Total GRDP of a sector in the reference area(city)

V_r : Total GRDP in the reference area (city)

Interpretation:

1. If the LQ value >1, then the role of that sector in the study area is more prominent than the sector in the reference area.
2. If the LQ value <1, then the role of the sector in the study area is smaller/not as prominent as that of the sector in the reference area.

Analysis of Investment Potential Based on Financial Performance in the Education Services Sector in Kendari City

3. If the LQ value = 1, then the role of the sector in the study area and the sector in the reference area is the same (nothing stands out).

SWOT analysis is a technique used to improve investment strategies by utilizing strengths and weaknesses as opportunities and challenges in the education sector in Kendari City. Based on the SWOT analysis, a strategy for increasing investment in the education sector in Kendari City can be developed, which includes:

1. SO Strategy (Strength Opportunities).
2. ST Strategy (Strength Threats).
3. WO Strategy (Weakness Opportunities).
4. WT Strategy (Weakness Threats).

IV. RESULTS

The approach model for investment potential based on financial performance in the education sector in Kendari City is carried out using two analyses, namely LQ analysis and SWOT analysis. The LQ calculation uses the Gross Domestic Regional Product (GRDP) of each sub-district sector in Kendari City compared to that sector as a whole in Kendari City. The results of the GDP calculation for the education sector for each sub-district in Kendari City using the indirect method are presented in the following table:

Table 1. District PDRB Allocation for the Education Sector in Kendari City

Subdistrict/Year	Education Sector	Subdistrict/Year	Education Sector
Mandongga		Poasia	
2020	72,691	2020	106,603
2021	77,750	2021	114,021
2022	94,245	2022	132,564
Baruga		Abeli and Nambo	
2020	172,753	2020	65,408
2021	184,776	2021	69,960
2022	224,380	2022	83,159
Puuwatu		Kambu	
2020	81,956	2020	701,010
2021	87,659	2021	749,795
2022	102,776	2022	790,309
Kadia		Kendari	
2020	189,322	2020	63,541
2021	202,497	2021	67,963
2022	240,323	2022	68,653
Wua-Wua		West Kendari	
2020	118,343	2020	143,423
2021	126,579	2021	153,404
2022	142,912	2022	174,251

Source: Data processed by researchers (2023)

Based on Table 1, it states that the highest GDP in the education services sector in Kendari City in 2022 is Kambu District. Kambu District has the highest GRDP value in the education sector at IDR 790,309 million, while Kendari District has the lowest GRDP value in the education sector at IDR 68,653 million.

The LQ calculation is carried out using the Gross Domestic Regional Product (GRDP) of each sub-district sector in Kendari City compared to the sector as a whole in Kendari City. The results of LQ calculations for the education sector are presented in the following table:

Table 2. Location Quotient for the Education Services Sector

Subdistrict/Year	Education Sector	Subdistrict/Year	Education Sector
Mandongga		Poasia	
2020	0.41	2020	0.55
2021	0.41	2021	0.54
2022	0.45	2022	0.55
Baruga		Abeli and Nambo	

Analysis of Investment Potential Based on Financial Performance in the Education Services Sector in Kendari City

2020	1.04	2020	0.78
2021	1.03	2021	0.78
2022	1.09	2022	0.83
Puuwatu		Kambu	
2020	0.43	2020	4.17
2021	0.43	2021	4.20
2022	0.45	2022	4.05
Kadia		Kendari	
2020	1.04	2020	0.47
2021	1.04	2021	0.47
2022	1.10	2022	0.43
Wua-Wua		West Kendari	
2020	0.73	2020	0.70
2021	0.73	2021	0.71
2022	0.73	2022	0.72

Source: Data processed by researchers (2023)

ResultsThe calculation of the Location Quotient (LQ) for the education services sector in each sub-district in Kendari City shows the following:

1. Several sub-districts have great potential, such as Baruga, Kambu and Kadia sub-districts. The sub-district has an LQ value > 1 , meaning the education sector in the area is prominent. Apart from that, because it has a large number of pupils and students, educational facilities are considered limited in this sub-district.
2. Several sub-districts that have quite small potential include Mandonga, Poasia, Puuwatu, Abeli and Nambo, Kendari, Wua-Wua, West Kendari sub-districts. This sub-district has an LQ value < 1 , meaning the education sector in that area is less prominent. Apart from that, because it has school and college facilities that are able to accommodate pupils and students in the sub-district.

Next, a SWOT analysis was carried out to determine the strengths and weaknesses as well as opportunities and threats in the strategy to increase investment in the education sector in Kendari City. Based on the population which continues to increase compared to the existing educational facilities which are still lacking, the investment opportunities offered for the education sector are:

Table 3. SWOT Matrix Analysis of the Education Sector

EXTERNAL	Opportunity (O) Regional government support in completing facilities and infrastructure Suitability of school and college facilities and infrastructure with regional potential demands and developments in science and technology and IMTAQ Society's demand for quality graduates.	Threats (T) The construction of new educational buildings deviates from the regional spatial plan in the city of Kendari.
INTERNAL	Strength (S) The approaches and teaching methods of teachers and lecturers vary. The number of pupils and students is increasing The increasing number of teachers who have expert competency...	SO Strategy The results of the analysis of the SO Strategy show: Continue to motivate teachers/lecturers and students in Teaching and Learning Activities (KBM) with government support in completing facilities and infrastructure Continue to continue good relations between teachers/lecturers and students accompanied by IMTAQ and science and technology Continue to use varied teaching approaches and methods and innovate in
		WO Strategy The results of the analysis of the WO Strategy show: It is hoped that the government will not only pay attention to facilities and infrastructure but also provide qualified teaching staff The ability of parents/students to meet the fairly expensive school costs can be used as donors for repairs to school/campus buildings.

Analysis of Investment Potential Based on Financial Performance in the Education Services Sector in Kendari City

	teaching so that you continue to have quality graduates Increase in the number of buildings to support the learning process.	
Weakness (W) Recruitment of teachers/lecturers and staff is not according to needs and has a family atmosphere Some honorary teachers/lecturers teach in other places Lack of educational facilities and infrastructure.	Strategy (ST) The results of the analysis of the ST Strategy show: Always try and work hard to be the best in all fields Continue to be creative and innovate in Teaching and Learning Activities	Strategy (WT) The results of the analysis of the WT Strategy show: Receive teachers/lecturers fairly through entrance tests. Improving the welfare of teachers/lecturers in teaching.

Source: Researcher analysis results (2023)

Based on the SWOT analysis in the education sector, several related points are known Strengths, Weaknesses, Opportunities, and Threats. The explanation is as follows:

1. Strengths: The strengths of the education sector in Kendari City include varied approaches, teaching methods of teachers/lecturers, the increasing number of students, the increasing number of teachers.
2. Weakness: Weaknesses in the education sector in Kendari City include recruitment of teachers/lecturers and staff not according to needs and with a family atmosphere, some honorary teachers/lecturers teaching in other places, lack of educational facilities and infrastructure.
3. Opportunities: Opportunities for the education sector in Kendari City include regional government support in providing advice and infrastructure, suitability of school and college facilities and infrastructure with regional potential demands and developments in science and technology and imtaq, and community demands for quality graduates.
4. Threats: Challenges in the education sector in Kendari City include the construction of new educational buildings which deviate from the regional spatial plan.

DISCUSSION

The results of the Location Quotient Analysis show that several sub-districts have quite large potential, such as Baruga, Kambu and Kadia sub-districts. This is because the sub-district has an LQ value > 1, meaning the education sector in that area is prominent. Kambu District has the highest LQ value in the education sector at 4.05 in 2022. Several supporting factors for this GRDP value, one of which is the large number of pupils and students continuing their education in this district. Kambu District is also recorded as having several educational facilities such as 4 kindergartens, 3 elementary schools, 2 middle schools, 1 high school and 2 universities. The large number of students and limited educational facilities make Kambu District the most potential area for investment in the Education Sector. Kadia District has an LQ value of 1.10 so it can be said to be a potential investment area. Several factors support potential investment in Kadia District, namely that it is the district with the highest number of students from kindergarten to high school level in Kendari City, so it is necessary to invest in this district. Baruga District is also included in the investment potential area with an LQ value of 1.09. Baruga sub-district has a very large number of students with limited tertiary facilities provided so it is necessary to invest in this sub-district. The results of the SWOT analysis for the education sector in Kendari City found several strategies to increase investment potential, namely continuing to motivate teachers/lecturers and students in Teaching and Learning Activities (KBM) with government support in completing facilities and infrastructure, continuing to maintain good teacher/lecturer relationships. and students, accompanied by IMTAQ and science and technology, continue to use varied teaching approaches and methods and innovate in teaching so that they continue to have quality graduates, increase the number of buildings to support the learning process, always try and work hard to be the best in all fields, continue to be creative in innovating in Teaching and Learning Activities.

Strategies to overcome potential investment weaknesses include the government being expected to not only pay attention to facilities and infrastructure but also the procurement of qualified teaching staff, the ability of parents/students to finance schools/universities which are quite expensive and can be used as donors in terms of building repairs, as well as accept teachers/lecturers fairly through entrance tests and improve the welfare of teachers/lecturers.

CONCLUSIONS

This research aims to determine investment potential based on financial performance in the education sector in Kendari City. The sample used in this research was 136 schools and tertiary institutions registered in the Central Statistics Agency (BPS) and the Higher Education Data Base (PDDIKTI), which had passed the stages of potential financial investment, namely Location Quotient (LQ) Analysis and SWOT Analysis resulting in the following conclusions. : (1) Based on the results of the LQ analysis, there are several areas that have the potential to invest in the education sector, including Kambu District, Kadia District, and Baruga District, which shows that the number of pupils and students exceeds the capacity of educational facilities in these districts so investment is needed in education sector; (2) Based on the results of the SWOT analysis, several strategies were found to increase investment potential, including increasing motivation in Teaching and Learning Activities (KBM) as well as providing facilities and infrastructure that support activities in the education sector.

LIMITATION

This research has limitations that can be used as a reference for further research to obtain better results. The limitations of this research are as follows: (1) Limited sample; (2) The data required regarding Gross Regional Domestic Product is still very limited so the calculation is carried out using an indirect method; (3) The mechanism for analyzing potential financial investment in this research only uses Location Quotient (LQ) Analysis and SWOT Analysis, so it is hoped that future researchers will develop it further.

REFERENCES

- 1) Kendari Central Statistics Agency (BPS). 2023. Kendari in Figures 2023.
- 2) Yogyakarta City BPS. 2017. Gross Regional Domestic Product by District in Yogyakarta City 2016.
- 3) Brigham, Eugene F. and Joel F. Houston. 2009. Basics of Financial Management. Book One. Tenth Edition. Translated by Ali Akbar Yulianto. Jakarta: Salemba Empat.
- 4) Aimon H., 2012, "Productivity, Human Resource Investment, Physical Investment, Job Opportunities Against Poverty and Economic Growth in Indonesia", Journal of Economic Studies, Volume 1, Number 1, May 2012, Pages 209-218, Faculty of Economics, Padang University .
- 5) Berns, Robert M., 2007, Child, Family, School, Community Socialization and Support, United State: Thomson Corporation.
- 6) Budiman PN, and Kristinai F., 2012, "Comparison of Insurance and Education Savings", Mat Stat Journal, Vol 12, No 1, January 2012, Department of Mathematics, Faculty of Information Technology and Science, Parahiyangan University Bandung.
- 7) Fahmi, Irhman., 2015, Introduction to Portfolio Theory and Investment Analysis, Bandung, Alfabeta Publishers.
- 8) Harahap, Sofyan Syafri, 2006. Critical Analysis of Financial Reports. First Edition. Jakarta : PT Raja Grafindo Persada
- 9) Irianto, HA, 2011, Education as an Investment in the Development of a Nation, Jakarta, Kencana
- 10) Muhammad Saleh and Rudy Syafrudin (2018). The Analysis of Investment Development Opportunities in Tabalong Regency. Ecoplan Journal. Vol 1. No. 2. Matter. 73-83.
- 11) Rengkung, LR, & Katiandagho, TM (2016). Fisheries Subsector Development Strategy in West Southeast Maluku Regency, Maluku Province. AGRI-SOCIOECONOMICS, 12(1), 127-144.
- 12) Setyowati, N. (2017). Strategy for developing the livestock subsector in order to strengthen the agricultural sector in Boyolali Regency. Animal Science: Journal of Animal Science Research, 9(1).
- 13) Sugiyono. 2014. Qualitative, Quantitative and R&D Research Methods. Bandung: CV Alfabeta.
- 14) Tarigan, Robinson. 2004. Regional Economics Theory and Applications. Jakarta: Bumi Literacy.
- 15) Tia Astiartie. 2010. Analysis of Investment Needs in Leading Economic Sectors in Efforts to Increase Job Opportunities in the City of Surakarta. Bass, B. M. (1985). Leadership and performance beyond expectations. New York, NY: Free Press.



There is an Open Access article, distributed under the term of the Creative Commons Attribution – Non Commercial 4.0 International (CC BY-NC 4.0 (<https://creativecommons.org/licenses/by-nc/4.0/>)), which permits remixing, adapting and building upon the work for non-commercial use, provided the original work is properly cited.