

The Influence of Government Regulations on the Performance of Small Pond Fisheries Business in the Pangkep District

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Abstract. Small and Micro Enterprises (SMEs) in Indonesia are generally still underdeveloped and have low competitiveness. This is based on the lack of knowledge of business actors regarding financial management, which causes these businesses not to develop properly. This study aimed to see the influence of government regulations on the performance of small aquaculture businesses in Pangkep Regency. The analysis used is descriptive quantitative research through a survey approach with inferential statistical techniques. The results of the study show that government regulations have a significant influence on the performance of small aquaculture businesses in Pangkep Regency.

Keywords: Effort, Performance, Regulation

INTRODUCTION

The performance of small businesses in Indonesia still tends to be low, making Micro Small Enterprises (SMEs) unable to develop and compete. Conditions like these make Small and Micro Enterprises (SMEs) unstable and less able to create correctly.

The statement above is supported by Abor & Quartey, 2010 in Sari et al [1] menyatakan bahwa perkembangan kinerja jangka panjang UKM masih cenderung stagnant and undirected. Although the number of SMEs is increasing, it has not been matched by an increase in the quality of these SMEs. In general, SMEs often experience delays, and this is due to various conventional problems that have not been entirely resolved, such as HR capacity issues, entrepreneurial characteristics, ownership, financing, marketing and various other matters related to business management, so that SMEs find it challenging to compete with other companies. Large companies.

According to research, Vegro & Almeida [2] found that low performance can also be influenced by external factors such as government policies and socioeconomic

and cultural conditions. The role of related institutions significantly affects the shape of internal characteristics of human resources, finance, technical production, and marketing. Research results from Fauzi et al. [2] found that external factors consisting of government regulations, socio-cultural and economic aspects, and aspects of the role of related institutions have a significant and positive influence on internal factors with a contribution of 0.254 or 25.4%. Internal factors consisting of entrepreneurial characteristics, human resources, financial aspects, aspects of production/operational techniques, and market and marketing aspects significantly and positively influence the performance of micro and small businesses with a contribution of 0.792 or 79.2%.

In line with that, Zulu et al. [3] said that problems in the field of management in marketing, finance, and technology significantly affect the development of SME performance. One of the low performances of SMEs can be influenced by the business actor's knowledge of finance, so common financial knowledge can make business financial management unable to develop correctly.

According to Ponchio et al. [4], a lack of understanding of sound financial foundations can lead to unfavourable financial decisions in the future. Poor financial management will result in business actors being unable to determine the extent of the SMEs' performance. There are still business actors who are not accustomed to compiling financial reports in their efforts to raise funds or evaluate the performance of the business itself, which can be caused by a low level of financial literacy, which makes the performance of the SMEs themselves low. A lack of financial literacy can cause a person to be more likely to have problems with debt, be involved with high credit costs and be less likely to be able to plan financially for the future.

Pedersen et al. [5] Most business actors still pay little attention to procedures or procedures for financial management, and it is rare for business actors to make investments which will hinder the performance of the SMEs themselves from developing correctly. This statement is supported by Levi & Soudijn [6], which state that some of the problems currently faced by SMEs are that most actors do not know much and do not understand much about managing finances. Entrepreneurial and financial literacy can be interpreted as a skill and knowledge that allows individuals to make effective decisions with all their financial resources.

Based on the results of observations and preliminary interviews by researchers on the performance of small fisheries businesses in Pangkep Regency, it was found that there were several obstacles experienced by pond operators in the field, including: 1) when production was abundant, the price of shrimp and milkfish became very cheap, 2) there was no facilities and infrastructure in the form of a good fishery auction place to provide services in the development of the fishing industry, 3) there is no organization of small pond fishery entrepreneurs in developing their business to utilize fishery resources in supplying industrial raw material needs, 4) not yet good enough to provide investment capital and working capital to the performance of small pond fishery entrepreneurs to be able to improve product quality at competitive prices.

From these constraints, the performance problem of small pond fishery entrepreneurs in Pangkep Regency is related to government regulations. Essel &

Amankwah [7] said that small businesses often use their capital, family, relatives, and even moneylenders to run a company because of low or difficult access for small businesses to financial institutions and interest rates in banking. Financial institutions such as banks and non-banks Government regulations play a significant role for business actors and other communities to support every community's economy.

Based on Presidential Regulation Number 82 (2016) in its role as a regulation in the field of business capital for both SMEs, SMEs is an Inclusive Financial regulation, which is a condition where every member of the public has access to a variety of quality, timely, smooth and safe formal financial services with Affordable fees according to individual needs and abilities. The lack of access to financial services and financial understanding will make it difficult for businesses to access financial products, so the provision of credit to SMEs and SMEs is not optimal in business financing, which will also impact the performance of SMEs and SMEs.

Regulation is a set of rules to control an order made to be free from violations and obeyed by all its members. The most common forms of regulation are government regulation and self-regulation Papenfub & Schmidt [8]. Suleiman et al. [10] state that regulation is an abstract concept of managing a complex system according to rules and trends. Regulations exist in various areas of community life. That way, the primary function of regulation is to control or control every action humans take. Therefore, regulations are significant in determining what steps to take.

Government regulation is a natural extension of the law, which defines and controls some ways a business or individual can follow the law. At the same time, self-regulation is when individuals or companies manage how to comply with minimum legislative requirements.

Regulation is an absorption word from the English language, "Regulation", which means a rule. According to the Collins Dictionary, in Macaulay [9], regulations are rules made by governments or other authorities to control how something is done or how people behave. Regulation is a term that you may often hear in government and business.

According to Papenfub & Schmidt [8], Government regulation is a natural extension of the law, which defines and controls some ways a business or individual can comply with the law. Meanwhile, business regulations are rules issued to control behavior in doing business, whether in the form of legal restrictions by the central or regional government, trade association regulations, industry regulations, and other regulations.

In line with that, according to Bosio et al. [10], regulations are binding rules, both in government and business. The function of regulation is to regulate the behaviour of people involved in a community within certain limits. These regulations are designed through specific processes in which the community or an institution agrees to be bound and follow the rules made to achieve common goals. Usually, if someone violates these regulations will be subject to sanctions.

Based on the definition of regulation described above, it can be concluded that regulation is an abstract concept of managing a complex regulatory system according

to a set of rules. However, the following experts differ in opinion, which explains the meaning of the regulation, namely the Collins Dictionary in Vegro & Almeida [11]; the definition of regulation is a rule made to control the way something or the way people behave. According to Wilson [12], the notion of regulation is a process to ensure that there is a standard as a legal requirement for particular services or public activities so that policies are fulfilled.

According to Berdik et al. [13], In general, the functions of regulation are as follows: 1) To control and provide certain boundaries, 2) To create a sense of security and peace, 3) To protect rights and obligations, 4) To make members involved in the scope of regulation obedient and disciplined, 5) As guidelines for behaviour, 6) Establish a regulatory system that can be used as social control, 7) Order someone not to commit acts that harm others and 8) To achieve common goals.

According to Basalamah & As'ad [14], in the business world, the types of regulations are as follows: 1) Consumer Protection Regulations, Consumer protection regulations consist of preventive and curative protection. Preventive protection is protection for consumers when buying and using goods and services. Meanwhile, remedial protection protects consumers due to the use of specific goods and services. Regulations regarding consumer protection law have been included in Law No. 8 of 1993 concerning consumer protection; 2) Trademark Protection Regulations. A brand or business brand is a marker that makes remembering a product or company easier. The scope of this mark or brand includes trademarks and service marks. These trademarks and services are a marker of the difference between a business entity and other businesses. Regulations regarding trademark protection are contained in Law No. 15 of 2001 (Concerning Trademarks) and Law No. 23 of 1993 (Concerning How to Request for Trademark Registration); 3) Regulations Prohibition of Business Monopolistic Practices. Business monopoly is the concentration of economic resource activities carried out by business people to control the production and marketing of certain goods or services. This causes unhealthy business competition and losses to consumers. The government issued regulations governing unhealthy business activities to control this monopoly practice. This is done to create balance and stability between the interests of entrepreneurs and consumers. In addition, this regulation will create a conducive economic ecosystem and increase the efficiency of the social economy. Effectiveness and efficiency in running a business will also increase.

Regarding the policy/regulatory framework for SMEs, according to the Ministry of Cooperatives and SMEs explained, some regulations are currently related to SMEs. Several rules in the context of providing convenience, protection and empowerment of Cooperatives and MSMEs have been issued, such as Law Number 20 of 2008 concerning MSMEs, Government Regulation Number 7 of 2021 concerning Ease, Protection and Empowerment of Cooperatives and MSMEs, Ministerial Regulation Number 3 of 2021 concerning Implementation of Government Regulation Number 7 of 2021 concerning Ease, Protection, and Empowerment of Cooperatives and Micro, Small, and Medium Enterprises.

RESEARCH METHOD

This research was conducted on small business owners of pond farmers in Pangkep Regency. There are 299 research respondents. The type of research used is quantitative research with a survey research approach. Data collection techniques using observation and questionnaire instruments by analyzing through inferential descriptive statistics to see how much influence government regulations have on the performance of small pond businesses in Pangkep Regency.

RESEARCH RESULT AND DISCUSSION

1. Research Descriptive Analysis

The results of the descriptive analysis of government regulation variables consist of dimensions: 1) Licensing, 2) Taxation, and 3) Aid. From the answers to the questionnaire of 299 respondents, it can be seen that the form of government regulation is as follows:

a. Licensing

Table 1. Description of permits in government regulations for small pond fishery businesses in Pangkep Regency

Description	Interval	f	.%
Very good	4,20 – 5,00	42	14,05
Good	3,39 – 4,19	102	34,11
Enough	2,58 – 3,38	77	25,75
Not enough	1,79 – 2,59	71	23,75
Very less	1,00 – 1,80	7	2,34
TOTAL		299	100,00

Source: Processed Results of the 2022 Questionnaire

Based on the information in Table 1, it can be seen that licensing as a form of government regulation on the performance of small pond fishery businesses in Pangkep Regency is considered "Good". The results of the questionnaire evidence this, and 102 people, or 34.11%, answered in the Good category.

b. Tax Dimention

Table 2. Description of the dimensions of taxation as a government regulation on small pond fishery businesses in Pangkep Regency

Description	Interval	f	.%
Very good	4,20 – 5,00	17	5,69
Good	3,39 – 4,19	109	36,45
Enough	2,58 – 3,38	106	35,45
Not enough	1,79 – 2,59	66	22,07
Very less	1,00 – 1,80	1	0,33
TOTAL		299	100,00

Source: Processed Results of the 2022 Questionnaire

Based on the information in Table 2, it can be seen that tax rules, one of the government regulations on the performance of small pond fishery businesses in Pangkep Regency, are included as "Good". The questionnaire shows this evidence; 109 people, or 36.45%, answered in the Good category.

c. The Assistance/Loan Dimension

Table 3. Description of Aid/Loan as a Government Regulation for Small Pond Fishery Businesses in Pangkep Regency

Description	Interval	f	.%
Very good	4,20 – 5,00	13	4,35
Good	3,39 – 4,19	76	25,42
Enough	2,58 – 3,38	89	29,77
Not enough	1,79 – 2,59	92	30,77
Very less	1,00 – 1,80	29	9,70
TOTAL		299	100,00

Source: Processed Results of the 2022 Questionnaire

Based on the information in Table 3, it can be seen that the assistance/loan program is one of the government regulations on the performance of small pond fishery businesses in Pangkep Regency, including "Less". The results of the questionnaire evidence this, and there were 92 people or 30.77%, who answered in the less category.

2. Research Inferential Analysis

Meyer Testing Criteria Measure of Sampling Adequacy (KMO MSA)

Table 4. KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,475
Bartlett's Test of Sphericity	Approx. Chi-Square	360,735
	df	351
	Sig.	,349

Source: SPSS Data Analysis 2023

Based on table data 4. it is known that the Meyer Measure of Sampling Adequacy (KMO MSA) Test Criteria: obtained a Keiser Meyer Measure of Sampling Adequacy (KMO MSA) value of $0.475 > 0.50$, then the Confirmatory Factor Analysis (CFA) has been fulfilled and can be analyzed further carry on.

Anti-Image Correlation Test Criteria. In the Anti-Image Correlation Test Criteria, the Anti-Image Correlation (a) values are above > 0.50 . The Confirmatory Factor Analysis (CFA) has been fulfilled and can be analyzed further.

Criteria for Testing Output Communalities Output Communalities (Extraction) value in this study, above > 0.50 , indicates that all indicators strongly correlate with the factors formed. Confirmatory Factor Analysis (CFA) has been fulfilled and can be

continued.

Rotated Component Matrix Testing Criteria, Based on the Total Variance Explained test, it is known that there are 13 variants formed so that in the Confirmatory Factor Analysis (CFA), a variant must be selected that does not meet the criteria > 0.30 ($N = 299$) in the Rotated Component Matrix, it is known that there are several variants that do not meet the requirements as a factor in the Output Rotated Component Matrix (Factor Loading) > 0.30 , ($N=299$), so it is necessary to fill in the variants that do not meet the following criteria: it is known that the description is eliminated because of the Output Rotated Component Matrix factor (Factor Loading) < 0.30 , ($N=299$), is; KR6, KR8, SP3, RP4, RP7 and RP8. The rest of these variants have an Output Rotated Component Matrix (Factor Loading) value > 0.30 ($N=299$). They are grouped into one factor, so it can be concluded that the indicators used in the variable the indicators are consistent or feasible indicators to use.

3. Hypotehesis Testing

As previously described, this confirmatory Factor Analysis (CFA) study was only carried out to find out the measurement model and not to find out the relationship between latent variables, thus testing the hypothesis is based on looking at the resume table 4.30, as follows: Government regulations affect the performance of small pond businesses in Pangkep Regency. Based on factor data Output Rotated Component Matrix (Factor Loading) > 0.30 , ($N=299$), are; Government Regulations (RP) 1,2,3,5,6,7 and 9, so that the hypothesis is stated as positive and acceptable.

DISCUSSION

Government regulations are the main challenge in managing micro, small and medium enterprises. One example of a government regulation that makes it easier for small business actors to run a business is 1) aid/loan regulations, namely access to KUR (People's Business Credit) banking financing, 2) Licensing regulations, namely the application for business licenses is shorter and more straightforward because it can be done online. Digital, namely online single submission (OSS). This one-door licensing process will make it easier for the government to record the number of MSE activities in Indonesia, and 3) Tax regulation through tax amnesty and tax planning so that business actors are more coordinated and comprehensive.

According to Suleiman et al. [15], regulation is generally the abstract concept of managing a complex system according to rules and trends. Regulations exist in various areas of community life. That way, the primary function of regulation is to control or control every action humans take. Therefore, regulations are significant in determining what steps to take. Government regulations are a natural extension of statutes, which define and control some ways a business or individual can comply with the law. At the same time, self-regulation is when individuals or companies how comply with minimum legislative requirements.

Observing the description presented, it can be said that **Government**

Regulations are the factors that influence the performance of small pond fisheries businesses. This has been proven by the results of research conducted by the author in Pangkep Regency, where the results of a study using the Confirmatory Factor Analysis (CFA) show: the Meyer Measure Of Sampling Adequacy (KMO MSA) Test Criteria: the Keiser Meyer Measure Of Sampling Adequacy (KMO MSA) value is obtained. KMO MSA) is $0.475 > 0.50$ Anti-Image Correlation Testing Criteria, brought Anti-Image Correlation (a) values above > 0.50 . The Output Communalities (Extraction) value in this study is above > 0.50 , so it can be said that all indicators used have a strong relationship with the factors formed. Total Variance Explained, it is known that there are 13 variants developed so that in the Confirmatory Factor Analysis (CFA) must be selected for variants that do not meet the criteria > 0.30 ($N = 299$). The Variance is eliminated because the Output Rotated Component Matrix (Factor Loading) factor < 0.30 , ($N=299$), is; Government Regulations (RP) 1,2,3,5,6,7, and these nine variants have an Output Rotated Component Matrix (Factor Loading) value > 0.30 , ($N=299$) and are grouped into one factor, so it can be concluded that the indicators used in these variables are consistent or the needles are feasible to use.

CONCLUSION

Based on the results of the study shows that government regulations affect the performance of small fisheries businesses in Pangkep Regency. Influencing small businesses shows that small business actors can develop their business more broadly, and the actors understand more about financial problems.

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