

Analysis of The Influence Of Intuition-Based Investment Decision-Making on Micro, Small, and Medium Entrepreneurs (MSMEs)

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ABSTRAK

Micro, Small and Medium Enterprises or commonly referred to as MSMEs are so many in Indonesia. With the government's increasing attention to MSMEs, micro, small, and medium entrepreneurs need to make their own decisions so that their businesses will grow. Decision-making that is very useful or a crucial aspect for micro, small, and medium enterprises (MSMEs) is investment decision-making. This research uses the method of literature study or literature review. The results of this study reveal that intuition-based investment decision-making in micro, small, and medium entrepreneurs (MSMEs) has uniqueness and relevance in the form of theoretical and conceptual understanding, roles, and factors. This research shows that intuition is important for micro, small, and medium entrepreneurs (MSMEs).

Keywords: Decision Making, Investment Decision, Intuition, MSMEs.

ABSTRACT

There are so many Micro, Small and Medium Enterprises or what are usually called MSMEs in Indonesia. With the government's increasing attention to MSMEs, micro, small and medium entrepreneurs need to make their own decisions so that their businesses can grow. A very useful decision-making or crucial aspect for micro, small, and medium enterprises (MSMEs) is investment decision-making. This research uses a literature study or literature review method. This research reveals that intuition-based investment decision-making in micro, small, and medium entrepreneurs (MSMEs) has uniqueness and relevance in the form of theoretical and conceptual understanding, roles and factors. This research shows that intuition has an important role for micro, small and medium entrepreneurs (MSMEs).

Keywords: Decision Making, Investment Decisions, Intuition, MSMEs.

Introduction

There are so many Micro, Small and Medium Enterprises or what are usually called MSMEs in Indonesia. MSMEs play an important role in the economy of a country, especially in Indonesia. Micro, small and medium enterprises (MSMEs) have several roles, namely as main contributors to economic growth, job creation, and being able to help in alleviating poverty. Micro, small and medium enterprises (MSMEs) are a sector that the government pays close attention to because they are the backbone of the economy in Indonesia.¹

In general, MSMEs refer to business activities that have a small scale in terms of number of employees, product level and turnover. Micro, small and medium enterprises (MSMEs) in Indonesia have various sectors and types of business such as trade, services, agriculture, and so on. With the existence of one of the pillars of a strong and sustainable economy, now the government, financial institutions and society are starting to pay attention to MSMEs.² With increasingly strong attention, micro, small and medium entrepreneurs need to make their own decisions so that their businesses can grow.

Micro, small and medium entrepreneurs (MSMEs) are expected to help improve the welfare of Indonesian society. Welfare can be obtained from the value of income that is able to meet their living needs in the short and long term. To help improve this welfare, residents or communities are expected to reserve a portion of their income to be used for investment. Therefore, people need to be made aware of the importance of investing for the purpose of improving prosperity in the future.³

A very useful decision making or crucial aspect for micro, small and medium enterprises is investment decision making. Investment activity is an important factor in developing a business venture. Investment activities generally result from investment decisions that consider various factors. Businesses that implement investment are often associated with businesses that are already established in the form of companies. However, there are those that require investment other than that, namely micro, small and medium enterprises (MSMEs). Perpetrator MSMEs in general often do not obtain sufficient knowledge and information in carrying out managerial activities related to investment decisions.⁴

In this context, making wise investment decisions is very helpful in the success and development of micro, small and medium enterprises (MSMEs). Good decision making plays a crucial role in directing funds to projects that are profitable and have growth potential.

Smart investment decisions can help micro, small and medium entrepreneurs expand their businesses, increase their competitiveness and achieve long-term success.⁵ However, investment decision making often involves complexity, uncertainty, and has limited information that can influence the process. In facing these challenges, many micro, small and medium entrepreneurs (MSMEs) use intuition in making investment decisions.

Intuition is a tool or method used to help entrepreneurs see complex situations and have limited information. Intuition generally refers to intuitive understanding or instinct used in economic decision making. In this case, intuition involves the ability to understand and interpret

¹ Syaakir Sofyan, 'The Role of MSMEs in the Indonesian Economy', *Bilancia Journal*, 11.1 (2017), 33–59.

² Akmal Fadilah and others, 'Development of Micro, Small and Medium Enterprises Through Facilitation of External Parties and Internal Potential', *BERNAS: Journal of Community Service*, 2.4 (2021), 892–896.

³ F Faidah, GP Rini, and VI Asri, 'Investment Decision Analysis of MSME Actors in Kudus', *Business Economics*, 21.1 (2020), 1–11.

⁴ Winston Pontoh and Novi Swandari Budiarto, 'Investment Decisions in Micro, Small and Medium Enterprises', *The Studies of Social Sciences*, 2.1 (2020), 27

⁵ *Management Studies and Entrepreneurship Journal*, 'Medium And Enterprises (MSMEs) In Makassar City The Influence Of Financial Behavior On Investment Decisions In Micro, Small And Medium Enterprises (MSMEs) Food Makassar City', 4.January (2023), 476–483.

economic situations without relying on data or extensive formal analysis. Intuition allows them or MSME entrepreneurs to sense opportunities, recognize risks, and make decisions quickly in complex situations.⁶

Literature Review

1. Decision-making

A decision is the end of a thought regarding a problem which is considered a deviation from something that has been planned by choosing various options for one of the solutions. Decision-making become an important part of individual and business activities. Decision making is a choice of two or more alternatives.

According to GR Terry explains that decision making is partly a choice based on certain criteria on two or more possible alternatives. Meanwhile, Claude S. George Jr. said that decision making is carried out by most managers in the form of awareness, thinking activities which include consideration, assessment, among a number of alternatives.⁷ Factors that influence decision making are tangible and intangible things, effective decision making requires quite a long time, and decision making is an action that must be converted into a physical action.⁸

A manager needs to understand the steps in decision making as stated by Mondy and Premeaux, which consist of five steps, namely (1) identifying problems or opportunities; (2) create alternatives; (3) evaluate alternatives; (4) have and implement alternatives;

(5) evaluating alternatives. Apart from the steps, of course there are basic principles put forward by Louis A. Allen in

decision making, namely the principle of definition and the principle of evidence.⁹

2. Investation decision

Investment is an activity of placing funds in one or more than one asset in a certain period with the hope of getting income or increasing the value of the investment in the future. Investors implement investments to increase their utility in the form of financial prosperity they have. The investment process shows how investors should invest in securities, namely what securities are chosen, how much the investment is worth, and when the investment will be made (Husnan, 1996). So investment objectives are expressed in terms of either return or risk.¹⁰

Investment decisions are individual and depend entirely on the individual. Therefore, there must be careful consideration first before arriving at an investment decision (Rusdin, 2006). The basics are There are two considerations used as a consideration in making an investment, namely return (profit) and risk.¹¹

3. Intuition

Intuition can be said to be a type of psychic ability because it is often referred to as an impulse or impulse, so its existence is often unpredictable. Intuition is a term about the ability to understand something without going through rational reasoning and high intellect. It seems that understanding suddenly comes from another world and is beyond awareness.

According to Poerwodarminta, intuition is the power or ability to know or insight or something without thinking

⁶ Anandita Arif, 'IN CREDIT DECISION MAKING (Empirical Study of Semarang City Banking)', Faculty of Economics and Business, Diponegoro University, 2010.

⁷ Fitri Hayati, Riri Zulvira, and Nurhizrah Gistituati. (2021). Educational Institutions : Policy and Decision Making. JRTI (Indonesian Journal of Action Research), 6(1), 100.

⁸ Luthfia Yuli, 'Decision Making Concepts', Research Gate, 1.1 (2019), 172–186.

⁹ Denik Wahyu Nilasari, 'Decision Making in Determining Competitive Strategy at the Indonesian Employment Services Company PT. 654 Surabaya', CC-BY Attribution 4.0 International, 2016, 1–5.

¹⁰ Rosadi Wirawan, Titik Mildawati, and Bambang Suryono, 'Determinants of Investment Decision Making Based on Subjective Norms, Behavioral Control, and Heuristic Behaviour', EKUITAS (Journal Of Economics And Finance), 6.1 (2022), 43-57.

¹¹ Ghaesani Nurvianda, Yuliani, and Reza Ghasarma, 'The Influence of Investment Decisions, Funding Decisions, and Dividend Policy on Company Value', Sriwijaya Journal of Management and Business V, 16.3 (2018), 165–177.

deeply or studying it. Intuition is very necessary in making decisions, whether individual or organizational decisions. In making a decision, of course you have gone through several stages of careful thought.¹²

4. Micro, Small and Medium Enterprises (MSMEs)

Micro, small, and medium enterprises are a form of productive economic enterprise carried out by individuals or individual business entities that meet the criteria for micro, small, and medium enterprises. According to Tambunan (2012), micro, small and medium enterprises are independent productive business units, which are carried out by individuals or business entities in all economic sectors. In principle, the distinction between micro businesses, small businesses and medium businesses is generally based on the initial asset value (excluding land and buildings), average annual turnover or number of permanent workers.¹³

Micro, small and medium enterprises (MSMEs) are one of the mainstays of a country's economy, especially Indonesia. It was proven that during the crisis, many conglomerate businesses were burdened by foreign debt, micro, small and medium enterprises (MSMEs), especially in the export business sector, actually reap extraordinary profits. Some micro, small and medium enterprises (MSMEs) survive in various ways because of small investments and circulating capital.¹⁴

Method

This type of research uses a literature study or literature review method to provide a theoretical and conceptual understanding of

intuition-based investment decision making in micro, small and medium entrepreneurs (MSMEs) as well as to provide an understanding of the role and factors of intuition-based investment decision making in entrepreneurs. micro, small and medium (MSMEs). According to Denney and Tewksbury (2013), a literature review is a comprehensive overview of previous research on a specific topic to show readers what is already known about the topic and what is not yet known, to find rationale for research that has been carried out or for ideas for further research.¹⁵

Result and Discussion

The results of this research reveal that intuition-based investment decision-making for micro, small and medium entrepreneurs (MSMEs) is unique and relevant. Although intuition is often considered an unmeasurable and less rational element in decision-making, this research shows that intuition has an important role for micro, small, and medium entrepreneurs (MSMEs). This is supported by the complexity and uncertainty that micro, small, and medium entrepreneurs often face in a dynamic business environment.

Micro, small, and medium entrepreneurs tend to rely on intuition because they often have limited resources, time, and access to complete data. Decision-making, especially in intuition-based investments, allows them to make decisions and be effective in dealing with opportunities and risks. However, please note that intuition-based decisions also have very high risks, especially if they are not balanced with careful analysis and use of available data.

This intuition-based investment decision-making has several roles for micro, small, and medium entrepreneurs (MSMEs), namely making decisions in conditions of uncertainty. Micro, small, and medium enterprises (MSMEs) operate in a business environment that is often full of uncertainty. In this way, micro, small and medium entrepreneurs can use intuition-based investment decision-making to deal with this uncertainty by using their instincts or instincts to make the best decisions in unclear situations.

¹² Rannu Sanderan, 'INTUISI: Deepening Hans-George Gadamer's Ideas About Intuition as Supralogic', *Scientific Journal of Religious Entity Humanity (JIREH)*, 2.2 (2020), 114–125.

¹³ Abdul Halim, 'The Influence of the Growth of Micro, Small and Medium Enterprises on the Economic Growth of Mamuju Regency', *Scientific Journal of Development Economics*, 1.2 (2020), 157-172.

¹⁴ Indris Yanto Niode, 'MSME Sector In Indonesia: Profile, Problems And Empowerment Strategies', *OIKOS-NOMOS Journal Of Economic And Business Studies*, 2.1 (2019), 1-10.

¹⁵ Melfianora, 'Writing Scientific Papers Using Literature Study', *Open Science Framework*, 2019, 1–3.

Another role is identifying undetected opportunities. In some cases, promising investment opportunities may not be detected through formal analysis. Intuition-based decision making can help micro, small and medium entrepreneurs (MSMEs) identify opportunities that might be missed by conventional analysis methods. Intuition can help in picking up on emerging signs or patterns, even if there is no clear or measurable evidence yet.

Intuition-based investment decision-making also helps micro, small and medium entrepreneurs (MSMEs) to make decisions quickly. Micro, small and medium enterprises (MSMEs) often operate in a dynamic and rapidly changing business environment. In this situation, micro, small, and medium entrepreneurs (MSMEs) need to make decisions quickly to take advantage of emerging opportunities or overcome emerging challenges. Intuition-based investment decision-making allows MSME entrepreneurs to respond quickly without a lengthy analysis process.

The role of intuition-based investment decision-making that may often be known is the use of experience and implicit knowledge. Micro, small and medium entrepreneurs (MSMEs) rely on experience and implicit knowledge that has been gained from years of operating in a particular industry. Intuition-based decision-making utilizes this knowledge and experience effectively in making investment decisions. They can rely on their sense of experience to select the investments that best suit their situation and business needs.

Factors influencing intuition-based investment decision-making have been identified. Previous experience, industry knowledge, and confidence

proved to be an important factor. Prior experience gives entrepreneurs an understanding of market conditions, risks, and investment opportunities to influence their decisions. Industry knowledge enables MSME entrepreneurs to identify trends and patterns in their business environment. Meanwhile, self-confidence enables MSME entrepreneurs to rely on their instincts and feelings in dealing with uncertainty and making quick decisions.

The intuition-based investment decision-making process involves gathering information through observation, interviews, and unstructured analysis of situations. MSME entrepreneurs rely on their subjective assessment of the situation, their feelings in facing risks, as well as their feelings or instincts regarding investment opportunities. Micro, small, and medium entrepreneurs (MSMEs) also use an associative mindset where they link their past situations and experiences with the investment decisions they will make.

Intuition-based investment decision-making certainly has advantages and disadvantages for micro, small, and medium entrepreneurs (MSMEs). MSME entrepreneurs need to understand that intuition-based investment decision-making is not an absolute method. Micro, small, and medium entrepreneurs (MSMEs) must be aware that other approaches can be used, such as formal analysis and more in-depth use of data. A combination of intuition and formal analysis can be a better approach or analysis for making more balanced and rational investment decisions. Therefore, micro, small and medium entrepreneurs (MSMEs) must continue to improve their knowledge and skills in utilizing intuition while understanding when and how to use formal analysis.

Conclusion

A very useful decision making or crucial aspect for micro, small and medium enterprises is investment decision making. Smart investment decisions can help micro, small and medium entrepreneurs expand their businesses, increase their competitiveness and achieve long-term success.

The results of this research reveal that intuition-based investment decision-making in micro, small, and medium entrepreneurs (MSMEs) is unique and relevance. Although intuition is often considered an unmeasurable and less rational element in decision-making, this research shows that intuition has an important role for micro, small, and medium entrepreneurs (MSMEs). This is supported by the complexity and uncertainty that micro, small, and medium entrepreneurs often face in a dynamic business environment.

Decision-making, especially in intuition-based investments, allows them to identify undetected opportunities, make decisions quickly and effectively in the face of opportunities and risks, and utilize experience and implicit knowledge. Meanwhile, intuition-based investment decision-making has factors that influence it, such as self-confidence, making it possible for MSME entrepreneurs to rely on their instincts and feelings in dealing with uncertainty and making quick decisions.

Micro, small, and medium entrepreneurs (MSMEs) also use an associative mindset where they link their past situations and experiences with the investment decisions they will make. Micro, small, and medium entrepreneurs (MSMEs) must be aware that other approaches can be used, such as formal analysis and more in-depth use of data. Therefore, micro, small, and medium entrepreneurs (MSMEs) must continue to improve their knowledge and skills in utilizing intuition while understanding when and how to use formal analysis.

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