

# STRATEGY FOR EXPLORING THE POTENTIAL OF THE REAL SECTOR TOWARDS REGIONAL ECONOMIC GROWTH IN PASAN DISTRICT, SOUTHEAST MINAHASA REGENCY

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## Abstract

The real sector plays a crucial role in driving regional economic growth, influenced by factors such as natural resources, investment, government policies, innovation, technology, and human resource development through education and training—even at the sub-district level. In Pasan District, potential lies in underutilized sectors including agriculture (farming, plantations, forestry, fisheries), industry (processing of raw, semi-finished, and finished goods), mining (gold, sand, stone), tourism (destination management and accommodation), and construction (infrastructure and building projects). This research aims to formulate strategies to explore the real sector's potential in Pasan District, identify influencing factors, and assess its contribution to the local economy. Using a qualitative descriptive method, the study analyzes non-numerical data to describe actual conditions. Findings show significant economic potential in trading activities such as retail, stalls, culinary ventures, livestock, and traditional markets. Currently, around 112 businesses operate in the area, employing 115 workers and generating a daily turnover of approximately IDR 50 million. These businesses contribute not only to economic circulation but also to local governance through tax payments and social engagement. Strengthening and optimizing these sectors is key to fostering inclusive and sustainable economic development in the region.

## Keywords

*Real sector, economic growth, industry, innovation, investment, technology*

## INTRODUCTION

In the world of economics, there are two types of sectors, namely the real sector and the financial sector. The real sector is divided into two, namely goods and services. Goods production sectors such as agriculture, mining and industry plus activities related to international tourist services.

The real sector is the real sector, namely the sector that is in direct contact with economic activities in society which greatly influences it or whose existence can be used as a benchmark for determining economic growth. In economic growth, the biggest contributor in Indonesia should be the movement of the real sector of the economy in the form of agriculture, fisheries/maritime affairs, industry, trade, transportation, tourism and service sector businesses and so on. Not economic movements in the non-real sector in the form of money markets, capital markets, stock exchanges, foreign investment, foreign debt, banking and so on

Thus, through real sector management, economic growth will show the extent to which economic activity will generate additional income for the community during a certain period, because basically economic activity itself cannot be separated from activities that utilize production factors to produce goods and services. So the economy must be stimulated so that it experiences growth which has an impact on increasing people's income, which means welfare will also increase.

This is in line with what Mc. Laland stated that if a country wants to become prosperous, a minimum of 2% of the total population in that country will become entrepreneurs.

It is realized that managing the real sector does not mean there are no challenges such as global competition: environment and technology. Globalization can increase competition at local, national and even international levels, so the real sector must continue to innovate and increase productivity to remain competitive. Likewise, environmental issues where production activities still pay attention to being environmentally friendly and sustainable, considering the increasing awareness about environmental protection. This also includes very fast technological problems such as currently being in the era of digitalization. Therefore, each region can manage its potential, especially the real sector, so that it will improve community welfare.

Pasan District is one of the sub-districts in Southeast Minahasa Regency with an area of 56.3 Km<sup>2</sup>, consisting of 1 (Eleven) villages, with a population of 7,570 people in 2020. with community livelihoods that support the economy of this area, generally from agricultural and plantation products such as rice fields, vegetables, cloves, coconuts, a small amount of coffee, nutmeg, vanilla, and most of all, coconut plants.

The results of pre-observations carried out noted that food crops as a source of community income consisted of rice and secondary crops, horticulture, plantation, farm and fishery.

Furthermore, the number of businesses in Pasan District in 2019 was recorded at 209 household businesses, most of which were in the food and beverage sector. Apart from that, in the trade sector there is 1 retailer and a number of shops including stalls. Apart from that, the tourism sector also has potential, where there are 2 lodging places and several objects that have become tourist destinations, as well as several natural potentials that have potential as places to visit or as tourist attractions.

Paying attention to the problems mentioned above, it is interesting for us to carry out research with the title "Strategy for Exploring Real Sector Potential for Regional Economic Growth in Pasan District, Southeast Minahasa Regency"

## **METHODS**

This research uses a qualitative research approach carried out to build knowledge through understanding and discovery where qualitative research as a scientific method is often used and carried out by a group of researchers in the field of social sciences, including education.

The qualitative research approach is a research and understanding process based on methods that investigate social phenomena and human problems. In this research, researchers create a complex picture, examine words, detailed reports from respondents' views and conduct studies in natural situations.

Qualitative research where the researcher's role is as a key instrument in collecting data and interpreting data. Data collection tools usually use direct observation, interviews, document studies. While the validity and reliability of data uses triangulation using inductive methods, the results of qualitative research emphasize meaning rather than generalization

### ***Data Type and Data Collection Procedure***

Data is information obtained from research that can be used to analyze the problems faced and then to look for appropriate alternatives. Data types consist of:

1. Quantitative data is data that can be measured on a numerical scale (numbers). And in this research, the data in the form of numbers relates to the number of MSMEs and amounts related to real sector management.
2. Qualitative data is data that cannot be measured on a numerical scale. Qualitative data consists of factors which represent regional potential

Data sources include

1. Primary data is data obtained by field surveys using all original data collection methods. Data obtained directly from the research object and in this case the real sector potential in Pasan sub-district
2. Secondary data is data that has been processed such as revenue sources managed by the sub-district government

In collecting data, researchers carried out several data collection techniques, namely observation and in-depth interview. The observation method is to carry out direct observations by systematically recording the phenomena being investigated, such as the condition of the location used as the research object, Pasan sub-district; how the Pasan District government in Managing Real Sector Potential as well as real sector potential.

### ***Data Analysis Tools Conformance Level Analysis***

Data analysis is a process of arranging the sequence of data, organizing it into patterns, categories and units of description so that themes can be found and hypotheses can be formulated and whether statistical or non-statistical data is used. In this research, data analysis is carried out

continuously from the beginning to the end of the research, both in the field and outside the field, using techniques such as those discovered by Miles and Huberman, namely

a. Data reduction, namely abstracting all data obtained from all field notes resulting from interview observations and document review. Data reduction is a form of data analysis that sharpens, hopes for important things, categorizes, directs, removes what is not needed and organizes data so that it is systematic and can draw meaningful conclusions. So, data obtained through observation, interviews and document review are collected, selected and grouped and then concluded without losing the value of the data itself.

b. Presentation of data, namely a collection of structured information that provides the possibility of drawing conclusions in taking action. The process of presenting this data summarizes the entire group of data obtained so that it is easy to read and understand. The data that will be collected includes real sector potential, such as natural resources, tourism potential, MSMEs, and other related systems.

c. Conclusion and verification

After the data has been reduced and concluded from the research results, it will be easy to understand. Therefore, through a process such as the stages described above (focus, systematic pattern) and general conclusions are drawn.

## 2.5 Data Validity Checking Techniques

According to Moleong, to determine the validity of the data, inspection techniques are needed. Examination techniques are based on a number of certain criteria. Which consists of four criteria used to check the validity of qualitative data, namely:

a. Credibility

Namely maintaining the trustworthiness of researchers by:

1. Extend the observation period, namely participation in the research process. Extending the participation of researchers will allow for increased trustworthiness of the data collected.

2. Perseverance Continuous observation.

In this activity, observation finds characteristics and elements that are very relevant to the issue being sought and then focuses on the problem in detail.

3. Triangulation (methods, data sources and data collection tools).

Data examination by comparing data from different sources to anticipate missing data, by triangulating the data found in the research, both from interviews with the Head of the Pasan District, the village government and MSMEs in Pasan District.

1. Peer examination through discussion.

This is intended to provide a good initial opportunity to start exploring and testing hypotheses that emerge from the panel's thinking. In this discussion other aspects can also be revealed which actually dismantle or open up the researcher's thinking.

5. Adequacy of references. The references used must match the data source. Re-checking the data sources was carried out by comparing the results of interviews with the results of observations and document studies.

b. Transferability

By carrying out detailed descriptions of theoretical data, from case to case, so that every reader of this research report gets a clear picture and can apply it to other similar contexts. In this case, researchers must present research data clearly and accurately. So it will provide input for anyone who reads it and will feel interested in applying it to other places and contexts.

c. Dependability

Ensuring that the research process remains consistent by reviewing all research activities on the data that has been obtained by paying attention to the consistency and reliability of the data. If two or more repetitions occur under the same conditions and the results are essentially the same, then reliability is said to be achieved.

Researchers in this context can conduct several interviews with the head of the Pasan District Area, the village head, MSMEs, and repeatedly carry out observations to look for a high level of reliability.

d. Certainty (confirmability)

Namely, ensuring that data can be guaranteed to be trustworthy so that data quality can be relied upon and accounted for. This method is done by auditing all data obtained to determine the certainty and quality of the data obtained. The certainty of the researcher's results can be recognized by many people objectively. In this case, the researcher, to test the validity of the data/legitimacy of the data so that the truth is objective, several sources are needed as informants in research.

By examining the data that has been revealed, it is then discussed with colleagues and then analyzed by comparing theories from several expert opinions. With the above techniques, it is hoped that the level of trust, transferability, dependability and certainty of data can be presented objectively and can be accounted for.

## RESULT AND DISCUSSION

Pasan District is one of the sub-districts in Southeast Minahasa Regency, North Sulawesi Province which was split from Ratahan District based on Regency Regional Regulation Number 22 of 2009 dated September 7 2009. Currently Pasan District consists of 11 (Eleven) villages with an area of 59.4 km<sup>2</sup> with a population of 7,556 people. The real sector is the sector that is in direct contact with economic activities in society. One example of an economy in the real sector is trade. Micro, small and medium business activities have a big influence on the country's economic conditions, such as small traders in traditional markets can contribute to the economic conditions of lower middle class communities. The current increasing economic growth has an impact on the increasingly marginalized existence of traditional markets. However, in Pasan sub-district, a number of real sector businesses such as minimarkets, shops, food stalls, culinary and traditional markets are sectors that drive the economy in Pasan sub-district.

Of the eleven villages in Pasan District, it turns out that there are only 2 (two) retail businesses, namely Alfamart and Indomart and are located in Liwutung village with a workforce of 5 people and an average daily sales turnover of IDR 12,000,000, except that according to sources in Big holidays such as Christmas and New Year can exceed this amount.

Paying attention to the data as described in point 4.1 above, the general population in Pasan sub-district has a livelihood as farmers. A small percentage own businesses. For clarity, a

recapitulation of the number of businesses, workforce and sales turnover can be shown in the table below

**Table 1. Type of business, workforce, daily turnover**

Type of Business	Number of Business	Number of labour	Daily Turnover	Information
Shop	13	15	11.000.000	
Warung	55	58	5.900.000	
Catering/Culinary	22	22	6.240.000	
Tire Pump Business	10	11	2.750.000	
Business Retailer	2	5	12.000.000	Indomart & Alfamart
Pig Farming	2	4	12.000.000	Avg. 2/100 kg/day.
Total	104	115	49.890.000	

Source: Processed data results

From table 1 it is explained that from the small businesses in Pasan sub-district, 111 workers are employed from 102 existing businesses with a daily turnover reaching 37,890,000. If traced further, there is no data on those who have businesses such as tailors, conventional barber shops, tinutuan sellers and builders. Likewise, with the inland fisheries sector that utilizes ponds to raise fish using nets, there are several community members who make side businesses. It should be informed that in Pasan sub-district there are 4 ponds that can be utilized by the general public (not privately owned) which also have the potential to be managed into tourist attractions in the future so as to contribute to Pasan sub-district. This business also contributes to the economic cycle in Pasan sub-district.

Observing the existing business type categories as government policies that continuously spur the growth of entrepreneurship by encouraging MSMEs, where data from the Indonesian Ministry of Finance states that 97% of the Indonesian workforce works in the MSME sector which contributes 61.1% to Indonesia's GDP while 38.9% is contributed by large businesses. (Rachmad Ramadhan, 2023). As for the micro, small and large business categories, the government has set basic capital criteria to facilitate business licensing. For example, micro businesses have a maximum capital of IDR 1 billion, small businesses IDR 1 billion to IDR 5 billion, medium businesses IDR 5 billion to IDR 10 billion, and large businesses above IDR 10 billion. Furthermore, the turnover or income from business sales is also a differentiator. Micro businesses have a turnover of up to IDR 2 billion, small businesses IDR 2 billion to IDR 15 billion, medium businesses IDR 15 billion to IDR 50 billion, and large businesses have a much higher turnover. Meanwhile, when viewed from the workforce perspective, it can be categorized that micro businesses usually only have 1-4 employees, small businesses 5-19, medium businesses 20-99, and large businesses usually have more than 100 employees.

Law No. 9 of 1995 views small businesses as small-scale people's economic activities and meet the criteria of net assets or annual sales results and ownership of net assets of at most Rp. 200,000,000 (two hundred million rupiah), excluding land and buildings for business premises.

Thus, businesses in Pasan sub-district are still categorized as micro and small businesses, except for the types of businesses categorized as medium, namely retail businesses owned by Indomart and Alfa Mart.

#### Real Sector Potential and Contribution to Pasan District

The potential of the real sector in Pasan sub-district as described above, although around 95% of the population are farmers, can be categorized as productive farmers where referring to table 4.9 there is a turnover of around Rp. 39 million with a workforce of around 115 people, and does not include other businesses that are not converted into rupiah such as fisheries, livestock, and market activities with a turnover of 50 to 100 million every market day. If calculated at least the turnover of sales or buying and selling transactions per day is at least around 50 million rupiah. Thus, if using this assumption, the positive impact which is the potential of the real sector for economic growth in Pasan sub-district using Mc. Cleland's statement that if 2% of a country's population are entrepreneurs, the country will be prosperous, so it can be described as follows

1. Opening up employment opportunities

For example, if the population of Pasan sub-district is 7,000 people, then there should be at least 140 businesses that should exist in Pasan sub-district. Meanwhile, according to the data, there are only 104 small and micro businesses, employing 115 workers, so that from the existing businesses, employment opportunities have been opened up, although they have not yet reached 2%, but if calculated with businesses that have not been explored, they have actually reached more than 2%. So the existence of employment opportunities in various sectors, including small businesses, is expected to absorb workers, both workers who are still unemployed and semi-unemployed so that they can increase their income to meet the needs of themselves and their families.

2. Prospering many people

Still using the assumption as described earlier, if there are 115 workers where each family has 4 people, then with the salary received, it has reduced the burden of family costs by at least 460 people.

3. Turning the wheels of the economy

Looking at table 4.9 that from existing businesses from small to medium scale in Pasan sub-district, the daily turnover is around 50 million, so in a month there is a turnover of around 1 billion rupiah and this can turn the wheels of the economy in Pasan sub-district.

4. Turning the wheels of the economy

Furthermore, from 115 workers working in 112 businesses, the salary received is used to finance family needs in the form of an average monthly expenditure of only 1 million, so the total expenditure for workers' salaries is approximately Rp. 115,000,000, Observing the development of MSMEs in Pasan sub-district which is still relatively limited, it can continue to be increased so that it will encourage economic growth in this area. This is often associated with economic and social problems such as high levels of poverty, large

numbers of unemployed, inequality in income distribution, uneven development processes between urban and rural areas, and urbanization problems

## CONCLUSION

1. The potential of the real sector in Pasan District that can boost the economy includes trading activities such as retail, shops, food stalls, culinary businesses, livestock, and traditional markets.
2. Factors influencing real sector growth and economic growth in Pasan District: The number of existing businesses, approximately 112 with 115 employees and a daily sales turnover of approximately 50 million Rupiah, drives the economy in Pasan District.
3. Existing businesses can contribute to the government, both in the form of tax payments and assistance in social activities.

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