

INVESTMENT COLLECTION STRATEGY OF START-UP SOCIAL CROWDFUNDING

Abstract

One of the potential agro-industries is the fisheries sector. Many of the people of Indonesia are starting to realize that fishing businesses or businesses provide significant benefits. However, the orientation that fisheries is a profitable sector has not been able to convince the parties with excess capital to invest in this sector. This can be caused by the company not using the right strategy in gathering investment. One of the investment management services in the agro-industry sector, especially fisheries in Yogyakarta, which has a breakthrough in the collection strategy is a start-up named Iwak.me. The method used in this research is field study and literature study, field study is carried out through a direct observation process looking at the process of investment collection management and related activities plus interviewing the owners and employees of Iwak.me. The literature study was conducted by examining several sources of reading such as books, articles, and related news and company documentation. From the observations the author gets a description of the investment collection strategy that starts from the stage of company introduction, program campaigns, information services, and registration.

Keywords:

Investments, Investment Collection, Strategy, Social Crowdfunding

Abstrak

Salah satu sektor agroindustri yang potensial adalah sektor perikanan. Banyak diantara masyarakat Indonesia yang mulai menyadari bahwa bisnis atau usaha perikanan memberikan keuntungan yang tidak sedikit. Akan tetapi untuk orientasi bahwa perikanan merupakan sektor yang menguntungkan belum dapat meyakinkan para pihak yang berkelebihan modal untuk berinvestasi pada sektor ini. Hal tersebut bisa disebabkan oleh perusahaan belum menggunakan strategi yang tepat dalam mengumpulkan investasi. Salah satu jasa pengelola investasi sektor agroindustri terutama perikanan yang ada di Yogyakarta yang memiliki terobosan dalam strategi pengumpulan adalah sebuah *start-up* bernama Iwak.me. Metode yang di gunakan dalam penelitian ini adalah studi lapangan dan studi

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pustaka, studi lapangan dilakukan melalui proses observasi langsung melihat proses manajemen pengumpulan investasi dan aktifitas yang terkait ditambah mewawancarai pemilik dan karyawan Iwak.me. Adapun studi pustaka dilakukan dengan menelaah beberapa sumber bacaan seperti buku, artikel, dan berita terkait serta dokumentasi perusahaan. Dari hasil observasi penulis mendapatkan deskripsi mengenai strategi pengumpulan investasi yang dimulai dari tahapan pengenalan perusahaan, kampanye program, pelayanan informasi, dan registrasi.

Kata kunci:

Investasi, Pengumpulan Investasi, Strategi, Crowdfunding Sosial



INTRODUCTION

The development of a country can be assessed from many aspects, one of them is from the economic conditions. It can also explain the level of community welfare of the nation. One of the issues discussed related to economic and community welfare is the problem of poverty. One of the countries that continue to pursue poverty alleviation is Indonesia. There are various sectors that Indonesia develops to solve it, and one of them is the fishery sector.

Aquaculture is one potential activity in the development of fisheries sector. Based on Food and Agriculture Organization (FAO), the definition of aquaculture is “the farming of aquatic organism, including fish, molluscs, crustaceans and aquatic plants. Farming implies some form of intervention in the rearing process to enhance production, such as regular stocking, feeding, and protection from predators in controlled conditions”. The definitions explains aquaculture as a set activities to improve the productivity of aquatic resources with cultivation management.

Based on the data released by Ministry of Marine Affairs and Fisheries of Republic of Indonesia (2016) in www.statistik.kkp.go.id, fishery sectors can achieve over the target of 3,25% to give contribution to the GDP in 2014. Ironically, this potential still has not been able to resolve the problem of poverty in Indonesian society. Various attempts were made

to alleviate poverty, but the poverty rate did not drop significantly.

The fishery sector on aquaculture activities in Indonesia has not been widely developed. It can be caused by various factors. One of them is the access of small fish farmers to capital. There is only a few investment management institution which can cover the risk in this sector. Capital assurance will motivate the investors to join the investment and give good funding. Therefore, the investors need a service to manage and control their investment in the business with high return and high risk. They hope the investment will give financial benefits. One of the fishery crowdfunding and investment manager services available in Yogyakarta is Iwak.me. It is located in Entrepreneurship Development Service (EDS) Building Asem Keranji Street K7 Sekip Bulaksumur Yogyakarta, which serves as the head office of Iwak.me.

Seeing the great potential and social problem, Iwak.me presents itself as a platform connecting small fish farmers with investors. Apart from providing micro-funding, Iwak.me provides assistance on cultivation techniques, collateral production and distribution facilities. In carrying out the business to achieve its goal, currently, Iwak.me focuses its attention on catfish commodity because catfish cultivation is easy. The recent operating area of Iwak.me is in Nganjuk and Kediri, East Java. The

management is preparing to expand to other cities.

In practice, Iwak.me aquaculture crowdfunding collects funds from investors who have the same passion which is to promote the welfare of fish farmers in Indonesia. Investors can invest by sending money through the web *www.Iwak.me.me*. The money invested by investor will be managed by farmers. The entire process of cultivation will be controlled by the team of Iwak.me, including procurement, cultivation system, until the sale of the crop.

THEORITICAL REVIEW

Crowdfunding is a current way for company fundraising, especially for fund for social start up project. Crowdfunding is the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically used Internet network (Oxford Dictionaries, 2014).

Crowdfunding projects can range greatly in both goal and level of reach, from small artistic projects to entrepreneurs seeking hundreds of thousands of dollars in seed capital (Mollick, 2014; Schwienbacher and Larralde, 2010). Crowdfunding draws inspiration from concepts like micro-finance (Morduch, 1999) and crowdsourcing (Poetz and Schreier, 2012), but represents its own unique category of fundraising, facilitated by a growing number of internet sites devoted to the topic (Mollick, 2014). Some crowdfunding platforms are

explicitly designed with philanthropic intentions (Agrawal et al., 2010).

When considering the commonly accepted definition of crowdfunding the issue of its belonging to some group of economic terms should be examined. It is worthwhile, crowdfunding as a financial instrument that works by means of collective cooperation of people who voluntarily unite their resources or money on a crowdfunding-platform in an effort to help, support, and fund other people's or organizations' projects (Profatilov et al, 2015).

Crowdfunding-platforms are specialized websites which serve as bridge between people or organizations launching some project (project creators) and people who wish to finance the given project (backers or investors).

To attract crowdfunding backers or investors, entrepreneurs need to share credible information about themselves (e.g., who we are), project details (e.g., what we will do), and other related message (Navis and Glynn 2011; Xu et al. 2016).

Informational appeals seek to spread verifiable messages about the focal product, whereas emotional appeals aim to arouse affective responses (Darley and Smith 1993; Holmes and Crocker 1987; Zhang et al. 2014). Appeals should not reflect an either choice, so many advertisements also feature several message elements (Darley and Smith 1993; MacInnis et al. 2002), such as cognitive and affective persuasion mechanisms.

. Unique characteristics or resources that startups possess can also act as potent signals of project quality and founder credibility. (Xiang et al, 2019) Because information about young start-ups is usually lacking, potential backers or investors rely on the observable characteristics of a start-up to assess its prospects (Shane & Cable, 2002).

One important attribute that draws attention from external investors and facilitates access to financing is a start-up's human capital (Beckman, Burton, & O'Reilly, 2007; Gompers, Kovner, Lerner, & Scharfstein, 2008). In particular, founder and founding teams' experience can influence investors' funding decisions (Burton, Sørensen, & Beckman, 2002; Hsu, 2007; Kaplan & Stromberg, 2004).

The signaling value of media usage in determining crowdfunding success is a function of the level of the potential backers or investors' information concerns with regard to both quality and credibility. If the founder does not have prior crowdfunding success, potential backers or investors confront greater uncertainty regarding the potential of the start-up and the value of capital commitment. (Courtney et al, 2016)

As a result, they will have to rely more on media usage and other channels of information. Hence the signaling value of media usage will be higher. If, on the other hand, the founder has prior success in achieving crowdfunding goals, potential backers or investors will have more trust in the unobservable quality of the project

and the founder's promise to deliver. (Courtney et al, 2017)

RESEARCH METHOD

In order to conduct a more focused and systematic research, there are some methods of study used. The methods of collecting the data through observation and Interview. This research conducted participant observation to get the information in detailed such as to service some investors, to arrange financial report, and to visit the production site in Nganjuk. It also used copies of Iwak.me digital and printed documents and also making documentation of Iwak.me infrastructure, management and production activities in the form of photos and videos with the approval of the supervisor at Iwak.me. Then, Interview is one of the methods of collecting data by asking some questions directly to the source persons at Iwak.me. This research interviews the CEO of Iwak.me and the employees of Iwak.me by using note taking technique. It conducted guided interview in Indonesian language to get clear information about investment collection strategy. The data that have been collected from observation and interview were rewritten, translated and interpreted. then, the data were analyzed through descriptive-qualitative methods.

RESULTS AND DISCUSSION

Iwak.me Investment Collection

As a form of crowdfunding business, Iwak.me has arranged its investment working system into

three main stages as shown in the chart below. The process starts from the stage of searching or investment collection, investment distribution, and investment completion. That is done in the investment contract for 4 years with reporting every harvest time.

At the investment collection stage, Iwak.me performs several processes related to introducing the company, socializing the programs and business activities undertaken and campaigning values, vision, and mission of the company to be known to the public and serve potential investors and farmers who are interested to join, to enter the administrative data of investors who has submitted his investment fund.

The process of collecting investment funds made by Iwak.me is a simultaneous effort by the management team to introduce the value and benefits to be achieved to the community and potential segments to become investors. According to Rushan, to get good funding Iwak.me introducing his company, campaigning the program, providing information services, and processing potential investors who have done the registration process (Personal Interview, 2017).

Introducing Company

To get funding from the public, Iwak.me certainly should introduce the company profile. Spoken by Clara that the introduction of the company much emphasized through digital media. Its massive and effective deployment helps the community to know more about Iwak.me. To

increase its appeal Iwak.me pack the necessary information related to the company to be simple, easy to understand and complete. Iwak.me also tries to introduce his company by making informative visuals.

Besides digital media, Iwak.me also often introduce the company through a networking session. The session which has been facilitated by EDS. Through these session Iwak.me uses network and direct access to build image as a trusted and capable company.

Iwak.me also often takes advantage by the invitations from various events, institution, or organizations that request to be a speaker of ideas sharing. In addition to reducing costs, this way is considered very effective because Iwak.me can interact directly with the general public to introduce Iwak.me along with the programs undertaken company.

Program Campaign

Continuing the company's introductory activities, Iwak.me also does campaign on the program being run. Clara explains that this activity is supported by many creative strategies that are also simultaneous to company introductions. Branding, media relation, and viral marketing are some of the strategies used by Iwak.me.

Iwak.me as one of the crowdfunding companies is certainly not widely known by the public. According to the situation, Iwak.me brands its program as one of the breakthrough of investment model which is unique and easy. The

packaging of investment model that is beneficial not only for investors but also the farmers is maximized by Iwak.me in order to mobilize the community to be involved in the crowdfunding program.

According to Clara, to reach the wider community, especially on the national scale of Indonesia. Iwak.me has thought about the role of mass media, be it print or visual media, whether online or offline. Therefore, in the early days of campaigning for its vision and mission, Iwak.me once invited the mass media. One of them is *Kedaulatan Rakyat*.

In order to become viral, Iwak.me improved the strategy. The methods to blow up Iwak.me is mostly done digitally either through optimization on social media and search on famous search engines like Google. Clara said that the blend of these strategies helped Iwak.me to campaign for its corporate programs plus the publicity of some of the most popular media, such as Kompas TV, Indonesia Morning Show Net TV and SWA online, making Iwak.me continue to improve services to provide information needed by the community who are interested to join.

Information Service

Clara explained that people who get information about Iwak.me usually need additional information about the investment program run by Iwak.me as a consideration to register as investor. To fulfill the excellent service for the community, Iwak.me provides additional information such as, Iwak.me optimized the complete FAQs, provided

online and offline services.

Registration

Potential investors who have obtained information about Iwak.me and intend to join the investment program will usually be directed to enter the steps to officially become an investor in Iwak.me.

This initial stage usually starts from registering on a prepared form containing information about the name, e-mail address and the password. This self-filling data is used to inform Iwak.me of the next step to become an investor in Iwak.me.

Furthermore, if the investor got the investment quota, Iwak.me will inform the investor about the investment contract and its approval, if the investor has understood and agreed the contract then can submit the investment fund through the transfer payment method or hand over to the direct management.

Lastly after the transfer process means investors can not withdraw their investment funds before the expiry of the contract, which is 4 years. Iwak.me will also send proof of deposit of funds and as well as information facilities that will be given Iwak.me at the stage of fund management later.

At the investment collection stage, Iwak.me usually get some challenges from the prospective investor and management team. Rushan explained, at this early stage of the introduction of the investment model, Iwak.me did not specifically verify from incoming investors. Thus, Iwak.me gets quite a lot of investors who do not contribute to

build. These are the challenges that makes Iwak.me spends a lot cost to maintain good relations and reduce investor dissatisfaction. Iwak.me realizes the potential virality of a company does not only give a positive impact.

CONCLUSION AND SUGGESTION

Conclusion

Iwak.me as a company that connects investors and fish farmers has become an innovation in public crowdfunding activities. Vision to help others as well as develop as a trusted social company has been supported by various stakeholders who also have a shared belief to develop the aquaculture sector as an increase in common welfare.

Suggestion

Through the identification of Iwak.me strategies on investment collection, Iwak.me also faces challenges during the implement the strategy such as the verification system for the investor visions and contract misunderstanding. Iwak.me need to develop business to focus on its point with an effective way for investors.

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