

# **The Impact of Investment in Advancing Local Communities in Indonesia**

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## **ABSTRACT**

Investment is one of the important factors in a country's economic development strategy in order to meet the needs and achieve the goals of the founding of the nation. The importance of investment for the development of the country then makes the impact and impact unavoidable by the government and local communities. In return for the profits obtained by the company from investment activities, the company has obligations or social responsibilities that must be fulfilled for the development of local communities. This is done as an effort so that the local community does not fall behind and is able to achieve progress in various fields of life.

**Keywords:** Investment, Local Community

## **INTRODUCTION**

The economic sector is a very important field in running a country, because in meeting the needs and achieving the country's own goals, it is necessary for the state treasury to be filled so that everything can run smoothly. The implementation of a country's economy cannot just be done by the country itself but must cooperate with other countries in order to meet the needs and achieve the goals of each country.

In running the economy, the state conducts an investment system where a company invests its capital by conducting business activities in the country, this activity can be carried out by companies in the country itself or other countries. If the investment is made by a company from outside the host country, it is called Foreign Investment.

Investment has a very large share for the wheels of a country's economy because with companies investing or investing in a country, it will affect the growth rate of the country's Gross Domestic Product (GDP) or Gross Domestic

Product (GDP). The higher or more companies that invest in a country, the higher the country's Gross Domestic Product will be and vice versa. This happens because the establishment of a company that conducts a certain business activity in a country must provide benefits or reciprocity to the country where they do business, such as paying taxes according to the profits earned by the company. The state must get a certain percentage of the profits earned by the company. In Indonesia itself, according to CEIC DATA, the percentage of Indonesia's Gross Domestic Product (GDP) from Investment is 28.5% in December 2021, this percentage is down compared to the previous 30.8% in September 2021.<sup>1</sup>

The implementation of investment practices also has an important role for the community and certainly affects the activities of local communities. As a result of this investment, there are positive and negative impacts on the development of local communities. Community development is an effort to improve the quality of the people who live in the area around the investment takes place or where investors invest so that the surrounding community can or is able to keep up with developments in all aspects of life so as not to experience backwardness.

The purpose of this journal is to find out what are the positive and negative effects of the implementation of investment carried out by investors as one of the efforts of the government to carry out development on the development of local communities around the investment location.

## **DISCUSSION**

Investment is one of the things that causes economic, social, educational and cultural changes. Therefore, the company has an obligation to optimize the advantages of the investment itself compared to its weaknesses. So that its implementation can bring more benefits to the parties involved in it. Due to the importance of investment in the running of the country's economy, which has a very strategic position in the structure of a country's economic development, its presence is needed to be carried out in Indonesia, this automatically makes both positive and negative impacts unavoidable. The existence of investment or capital investment also needs to be accompanied by the readiness of the local community

that will coexist with companies that carry out their business activities.<sup>1</sup>

Not only contributing to the increase of GDP by paying taxes to the government, companies that invest in a certain area in Indonesia also have an obligation to carry out social responsibility for the surrounding community who live or reside in the area where they invest. This is called Corporate Social Responsibility (CSR), which is a form of corporate concern for the interests of stakeholders.

As a result of this CSR, local community development is carried out by companies by developing local communities from various aspects. These aspects are:

a. Education

The company conducts community development in the field of education by holding scholarships, organizing certain training or internship programs, or providing an injection of funds or donating certain items that can support the learning process in schools for the education of local communities.

b. Economic

In the economic field, the company can conduct training for the community there, especially for those who may not have a job to be prepared so that they can get skills, it is not uncommon for companies to recruit people to become employees in the production and distribution process, this certainly helps open up jobs and improve the economy of the local community.

c. Health

Conduct health programs such as providing financial assistance to improve health facilities for the community, organizing routine health checks every once in a while so that the local community is facilitated to access and obtain proper health services.

d. Social, Cultural and Religious

In this aspect, the company can create programs by building public facilities such as providing public wc, or building places of worship for the community and many others.

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<sup>1</sup> CIC Data

e. Infrastructure

The company conducts road repair and maintenance programs, provides electricity and much more.

## **CONCLUSION**

The influence or impact of investment or capital investment on the development of local communities is divided into two, namely:

- Positive impact

- Increased GDP from the tax sector
- Increased employment opportunities
- Improved public facilities and infrastructure
- People become easier to meet their needs
- Increased domestic production

- Negative impact

- As a result of the large number of people who have switched to work in the industrial sector, the agrarian sector has declined
- Waste due to production activities by companies causes environmental damage
- Over-exploration of natural resources that can lead to scarcity
- The country of origin of the company benefits a lot because the results of the business tend to be brought to the country of origin.

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