



## Investor Perception in Investment Decisions in the Southeast Minahasa Region

Olivia Josefien Lalamentik<sup>1</sup> Alzefin Yolandi R.M Sinolungan<sup>2</sup>, Jessylistiana Hercylia Langie<sup>3</sup>

<sup>1</sup> Faculty of Economics and Business, Manado State University. Email olivialalamentik@unima.ac.id

<sup>2</sup> Faculty of Economics and Business, Manado State University. Email alzefinsinolungan@unima.ac.id

<sup>3</sup> Faculty of Economics and Business, Manado State University. Email Jessylistianalangie@unima.ac.id

**Corresponding Author Email olivialalamentik@unima.ac.id**

### Abstract

**Background.** Investment is an assessment of a developing area. More and more investors are investing in a region, considering that the region has investment policies that can support economic growth.

**Purpose.** This study aims to determine investor perceptions of Southeast Minahasa's investment decisions.

**Method.** This research is a survey with quantitative research. The population and sample are 80 respondents (full sample). Data collection techniques include observation, interviews, questionnaires, and documentation.

**Result.** Considering that North Minahasa is still a new district, they are trying to continue to increase the level of investment so that it can be appropriately realized, especially in investing in capital goods that can improve local income and make financing assets for the development of Southeast Minahasa. Efforts to make Southeast Minahasa a destination for investment cities, are greatly influenced by the perception of influential investors in accessing investment activities. Regions are included in import export activities with favorable stock price considerations, guaranteed national stability, and the prospective existence of banking institutions that play an active role.

**Conclusion.** Investors' perceptions include government policies, economic growth rates, imports and exports, stock prices, national stability, and banking institutions. To increase investment activities, it is necessary to consider the perception of investors who support obtaining opportunities so that Southeast Minahasa becomes the central investment district in the North Sulawesi region.

**Keywords:** perception, investment, investor, decision, Minahasa, Region

### INTRODUCTION

There is a phenomenon that uncertain and often revised government policy factors are related to decision-making in the investment sector where there are still many laws,

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<sup>1</sup> Faculty of Economics and Business, Manado State University, email Olivia Josefien Lalamentik  
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government regulations, regional decisions and regional regulations that are not optimal and provide support for the realization of an investment activity that can contribute to increasing investment activities every year. The issues that have occurred in Southeast Minahasa in recent years are related to investment development, low technical policy formulation in the field of investment, considering that many things related to investor perception have not provided strong support for the implementation of increased investment activities.

The goal to be achieved based on the formulation of the problem that has been presented is to find out and analyze the influence of government policies, economic growth rates, exports and imports, stock prices, national stability, banking institutions as factors that affect investment in Southeast Minahasa Regency, and economic perceptions that have a positive and significant effect on investment. There are still many considerations for investors in this case investment who want to make investments considering that Southeast Minahasa is still found to have many licensing activities and the implementation of public services related to investment that have not been carried out based on the implementation of cooperation in the field of investment under the preparation of the investment plan that is implemented, in carrying out various identifications related to regional potential sources comprehensively and the importance of planning and controlling investment development for investment.

Presidential Instruction No. 3 of 2006 concerning investment policy packages covers general aspects, including strengthening investment service institutions and synchronizing central regions in developing and increasing regional investment access. Included in Presidential Regulation No. 42 of 2006 concerning the policy committee for the Acceleration of Infrastructure Provision, the Revision of the Law on Investment in Labor, and the Tax Law, it is an activity that has not been appropriately implemented, which triggers the emergence of investor perceptions that affect investment activities. The current reality is that several factors affect investment, including Government policies, economic growth rates, imports and exports, stock prices, labor force, national stability, and banking institutions owned by the Southeast Minahasa Regency, increasing investors' enthusiasm to invest their capital. In affecting the level of investment sensitivity in a country, it is determined mainly by changes in value related to stock prices, because the stock price is in principle an indicator of an assessment of the level of profit from investment activities that are access to investment, the change in stock prices significantly affects the level of investment activity.

## **METHOD**

This research is a survey with quantitative research. The population and sample are 95 respondents (full sample). Data collection techniques include observation, interviews, questionnaires, and documentation. In this study, the population is 95 investors who invest their capital in Southeast Minahasa Regency above Rp. 1 billion. A sample is a set or part of a population unit. Seeing the limited number of research populations, the sample extraction technique used in this study uses *full samples*, namely by taking the entire total population to be used as a research sample, because the population size is limited. So the sample size of this study is 95 respondents.

## **DISCUSSION**

Investor perceptions of government policies, growth rates, imports and exports, stock prices, national stability, and banking institutions affect investment in the economic sector in Southeast Minahasa Regency.

### **Government Policy on Investment in the Economic Sector**

Government Policy influences investment in the economic sector in Southeast Minahasa Regency, where investment activities must be per regulations that the Government has set based on laws and regulations, agencies/agencies and policy mechanisms. Among others, these regulations are Presidential Instruction No. 3 of 2006 concerning Investment Policy Packages, Presidential Regulation No. 42 concerning the Policy Committee for the Acceleration of Infrastructure Provision (KKPPI), Decree of the Head of the Investment Coordinating Board No. 57/SK/2004 concerning Guidelines and Procedures for Nominator Applications, Decree of the Head of BKPM No. 70/SK/2004 concerning Amendments to the Decree of the Head of BKPM No. 57/SK/2004 regarding Guidelines and Procedures for Investment in Regional Regulation No. 23 Year 2001 concerning the Establishment of the Organization and Work Procedures of BPPMD North Sulawesi Province and the Decree of the Governor of North Sulawesi Number 182 of 2001 concerning the Main Duties and Details of the Duties of Sub-Divisions and Sub-Divisions at the BPPMD of North Sulawesi Province.

The government policies mentioned above place investment and management to be managed professionally by the government to influence the level of investment in the economic sector in Southeast Minahasa Regency. The supporting theory of this discussion is the theory of "Rules" put forward by Sutojo (2004), which states that government policies are operational rules that must be heeded to implement an orderly and planned government in achieving goals.

What goals related to investment activities mean fulfilling the goals of investment development in the economic sector?

### **Growth Rate of Investment in Economic Sectors**

Growth rate (X2) is an index used to measure economic improvement in a region. The critical thing to describe in the economic growth rate in an area is related to the growth of the real market sector, the inflation rate, the sectoral contribution of revenue, and the community's purchasing power in determining the amount of operational investment activities.

The market sector, in this case, the real market mechanism that occurs in the community according to the procedures and mechanisms of marketing activities in the form of transaction activities between investors and the government, invest their investment capital to obtain mutual benefits. The level of economic growth is also related to the inflation rate of the community in managing and utilizing their income to distribute in the activity of consuming goods and services, under the existence of investment that creates various profit and income opportunities for the community. Increasing investment in a community also involves increasing sectoral contributions related to the level of revenue that can be obtained from the imposition of regional taxes, regional distribution, and other legitimate revenues through investment activities.

On this basis, investment activities greatly determine people's purchasing power in various economic marketing activities, especially buying and selling assets invested for short-term and long-term needs. In other words, people's purchasing power affects the investment of a region.

The theory that supports this growth rate is the theory of "power" put forward by Tunner (1998), which states that every increase achieved requires the existence of a power. Power can be in the form of usability, the power of existence, and various multi-powers that are used to achieve goals such as increasing investment, which needs market sector power, consumption power, inflation, income power, and people's purchasing power.

### **Exports and Imports to Investment in the Economic Sector**

Import and export are trade activity that affects a country's investment activities. Export and import activities are faced with the existence of comparative and competitive competition owned by a government in influencing investment levels. The ability of a country that has comparative capabilities is a country that is a source of potential availability in

supporting increased investment. These comparative capabilities can be in the form of potential natural, human, and financial resources used to improve investment management in an area.

Likewise, a country's competitive ability to use various cutting-edge technological tools or robotic machine equipment can produce more competitive production according to its quality level. Competitive competition from a region will spur an increase in investment activities carried out by a region.

The supporting theory related to import and export activities about the existence of comparative and competitive capabilities, namely using the "two gaps" theory put forward by Ochiline (1997), states that a country has two gaps between existence and power, which are used as opportunities for its goals. This includes the ability of a country to bring in investors and become an investor to manage a condition of two different abysses.

### **Stock Prices to Investment in the Economic Sector**

The share price is the value of capital goods invested by shareholders based on the dividend yield that has been determined, either in the form of dividend shares or reference shares, per the level of share purchases, share sales, and stock transaction activities that affect investment in the economic sector.

Investors always consider the opportunity to buy shares when carrying out investment activities. In principle, shareholders will buy shares when the stock is declining and take over or acquire shares to make improvements based on the ability to pay dividends.

Investors also always pay attention to when stock sales activities are carried out, namely when stocks experience access to speed in obtaining profits to release free shares and maintain dominant shares, so that an understanding of the importance of reference stocks for management activities that are under the level of profitable investment applies to them. Stockholders always engage in stock transaction activities to obtain profits in accordance with the market mood, so that when stocks weaken with a high currency exchange rate, many shareholders carry out off-stock transaction activities. And when stocks strengthen, with currency exchange rates depreciating, shareholders usually carry out takeover activities of dominant shares.

The theory that supports the stock price in increasing investment in the economic sector is the "added value" theory. This value-added theory was introduced by Silvera (2005), who states that goods and services that have high added value must be taken and purchased as assets that add to a company's wealth.

## **National Stability to Investment in Economic Sectors**

National Stability affects investment activities in a region. Usually, conditions of national stability are caused by uncondusive security levels, riots, many social gaps, poverty, and political nuances.

The level of security affects the level of national stability. Problems in a country usually cause criminal acts that affect the existence and certainty of making investments. Therefore, it is very much sought to have a conducive level of security to increase the level of investment in an area.

The existence of riots and various things that cause destructive actions is one of the considerations for investors when carrying out investment activities. Usually, the riots are in the form of various demonstration activities, including riots, ethnic fights, and others that directly or indirectly involve investors in their investments.

In addition, social inequality and poverty usually trigger activities that lead to acts of national instability, primarily provocative actions and actions that incite the emergence of various intrigues or pressure on the community to carry out a resistance that disrupts investors' assets. This includes activities related to political nuances that create large gaps among people and raise concerns for investors to invest.

The supporting theory, namely the theory of "social equilibrium" put forward by Murdock (2000), states that in a society, there is a need for a balance of behavior and action in responding to a static and dynamic condition for society. In this case, there is a need for social equivalence in carrying out investment activities.

## **Banking Institutions Towards Investment in the Economic Sector**

Banking institutions are institutions that manage public funds for national development. Activities carried out by banks include, in this case, investment activities from investor funds to be collected and remanaged under the amount of profit from the *cost of funds* used by the bank in increasing investment through the provision of interest rates.

The matters managed by the bank related to investment activities are access to the storage of investor funds, which are managed in exchange for profits provided by the bank, especially from irregular activities through deposits, current accounts, and savings.

It also includes the ability of the bank to manage public funds under the principles of financial accounting management, which looks at various aspects of financial ratios applied,

including, in this case, to determine the performance value and financial ratios of liquidity, solvency, activity, and profitability. Investment distribution also plays a vital role in increasing investment. The distribution of investment in the form of soft funds and long-term investment impacts investment activities.

The theory that supports using the theory of the "future" is put forward by Nelson (2001:71). This theory states that the future is primarily determined by a person's ability to carry out saving activities. Savings activities are a principle of banking institutions in managing investment funds to be handled professionally by the bank to increase their investment level

Southeast Minahasa Regency, North Sulawesi Province, has strategic value because it has investment resources, especially in trade, housing, tourism, business, and marketing of products for export and import activities. Southeast Minahasa Regency is strategically located, serving as the gateway and the center of services in the Eastern region of Indonesia. Southeast Minahasa Regency has comparative advantages as well as competitiveness for investment activities.

The Regional Promotion and Investment/Investment Agency of North Sulawesi Province is a supporting element of the local government in determining the policy of implementing local government in the field of promotion and regional investment/investment.

## **CONCLUSION**

1. Independent variables of investor perception in the form of government policies, economic growth rates, export-imports, stock prices, national stability, and banking institutions based on the results of the F-calculation test that are greater than the F-table simultaneously and significantly affect investment in the economic sector of Southeast Minahasa Regency, which is shown from the results of obtaining the value of the correlation coefficient (R), the terminated coefficient (R<sup>2</sup>), and the significance level of the F-test with a probability of  $p < 0.05$ .
2. Partially t-test results show that the dominant and significant share price factor has an influence on investment in the economic sector of Southeast Minahasa Regency, which means that the increase in investment in the economic sector in Southeast Minahasa Regency is determined by the value of capital goods invested in accordance with the purchase price of shares, share sales prices and stock transaction activities.

## **Suggestion**

1. For decision-makers in terms of the Southeast Minahasa Regency Government and the Regional Promotion and Investment Agency of North Sulawesi Province, it is necessary to increase opportunities for investors to invest in Southeast Minahasa Regency, which will have an influence on increasing investment in the economic sector to realize an even more advanced Southeast Minahasa Regency.
2. It needs to be considered in increasing investment based on foreign investment and domestic capital by implementing government policies to make it easier for investors to invest their funds, in increasing economic growth, exports and imports, affordable stock prices, national stability and the role of banking institutions in distributing investment funds.
3. For advanced researchers, it is a reference material or reference in conducting research on the influence of economic growth on investment in other research objects.

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