

## Research Article

# The Impact of Local and Foreign Investments on the Domestic Development on an International Scale on Social Equality and Environmental Support (Green Governance) of the Indonesian People

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## Abstract.

This study examines the impact of foreign and local investors' interference in the national development as a form of President Joko Widodo's government program on social equality and environmental support for Indonesia's lower-level communities. Joko Widodo as the Indonesian President since the beginning of his term initiated infrastructure development throughout Indonesia, inviting foreign and local investors. These investors can rapidly raise the value of the Indonesian economy. The high value of the Indonesian economy also hurts various communities, especially on the social level of Indonesian society. Social equality in Indonesia has not achieved a balanced value among its people, which leads to social inequality in all aspects of social welfare of the Indonesian people.. Environmental support for people who experience social inequality is not achieved, this can be viewed in terms of shelter, food, clean water intake, and several other aspects that do not support the lives of people with social inequality. This research aims to realize how influential investors and the development of the Indonesian nation are on their communities, especially among the lower level who are not reached by the Indonesian government as a form of support for environmental welfare. The study recommends investors make breakthroughs that provide benefits for people with low social levels so that they do not experience further deterioration in life, the government must also play an effective role in realizing decent environmental support (green environment) to achieve social equality.

**Keywords:** green environment, social equality, interference of foreign investors, interference of local investors

## 1. Introduction

Investment has an understanding according to IAI (Ikatan Akuntan Indonesia) in the book "Standar Akuntansi Keuangan", which is an asset used by companies for wealth growth (accretion of wealth) through the distribution of investment returns (such as interest, royalties, dividends and rent), for appreciation of investment value, or for benefits Others for companies that invest such as benefits gained through trade relationships [1].

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While the definition of foreign investment according to Indonesian Law No. 1 of 1967 is as follows:

Foreign payment instruments that are not part of Indonesia's foreign exchange wealth, with the approval of the Government are used for corporate financing in Indonesia.

Tools for the company, including new foreign-owned inventions and materials, imported from outside into Indonesian territory, as long as they are not financed from Indonesia's foreign exchange wealth.

The portion of the company's proceeds under which this Law is permitted is transferred, but to finance the company in Indonesia.

Investment invested by foreign investors has a very important role for local communities because these investments have an influence on the lives of local people [2].

Local/Private Investment is an investment made by the community, especially entrepreneurs or investors, with the aim of getting benefits in the form of profits. This type of investment is also called an investment with profit motive. Investments with characteristics like this can be done by individuals or companies both domestic and foreign actors, which include DII (Domestic Indirect Investment), FII (Foreign Indirect Investment), DDI (Domestic Direct Investment) and FDI (Foreign Direct Investment). [3]. Investment from foreign and local investors has a tremendous positive impact on the Indonesian economy which has an impact on increasing the value of the Indonesian currency against the currency foreign so that it affects to lower people. The negative impact that arises is felt by the lower community because they have to follow changes in currency values that affect their well-being. Large-scale development also affects the environment of the Indonesian people. This has an impact on the environment that is left behind with a more advanced development environment with many investors in it. Social equality means showing the existence of equal levels, equal positions, not higher or lower than each other. Social equality is a social political system in which all people in a particular society or group have equal status [4].

In various types of social equality you focus on two points of social equality, namely:

1. Occupation (Profession). Each individual has different types of work, for example as fishermen, teachers, entrepreneurs, farmers and so on. These skills will determine the type of work and will influence social behavior.

Work can also determine a person's social status in society. Social status is the position between a person's position in the hierarchical structure or one's position with other people in society.

For example, people who work as officials have a higher social status compared to people who work in other offices. Therefore, there needs to be equality so that there are no striking differences between people with different types of work.

2. Income. Everyone who is already working has a different income. The income earned is determined by the type of work performed. However, the existence of these differences can cause social jealousy, so it is necessary to apply the principle of equality in society. Social differences in the economic field will distinguish residents or citizens according to material control and ownership [5].

At the current level of the global community, the Government must recognize the interdependent and undeniable relationship between economic growth, environmental sustainability and social progress, where the Government should be able to approach green economic growth through the implementation of concurrent strategies to find solutions to reduce poverty, social inclusion, sustainability environment, and economic growth [6].

## 2. Problems

1. What is the Significant Impact of Foreign and Local Investors on Social Equality and Environmental Support of Indonesian Society?
2. What efforts have been given by investors and the Indonesian government as a form of responsibility for the affected communities.

## 3. Discussion

### 3.1. The impact of foreign and local investors in the construction of international standard buildings on social equality and environmental support (green governance) of the Indonesian community

Local and foreign investment in the development of the Indonesian state has a very positive impact on the development of the Indonesian economy , with this positive impact the Indonesian government can increase value Indonesian currency against foreign currencies. This supports the stability of the Indonesian economy so that the Indonesian state has high competitiveness in international circles. Investment given to the development of the Indonesian state, especially in buildings with international

standards can be realized well and minimize the budget of funds issued by the Indonesian state. The investment given to the development of the Indonesian state does not entirely have a positive impact on the people of Indonesia, as for the negative impact that is felt by the people of Indonesia, especially for Indonesian people with low economic levels who are very burdened by foreign and local investment. With the high value of the Indonesian currency as a result of foreign and local investment, these people feel burdened in terms of their economy which demands the necessity to keep abreast of all forms of changes in the Indonesian state with a make shift economy. With this, it also increases the number of poverty of the Indonesian people which has an impact on their environmental support. The impact of development and investment also causes several environmental gaps that have an impact on the backwardness of some environments that cannot keep up with the existence of these developments. In addition, the development causes factors in changes in the community's environment such as settlements, places of water absorption and even the location of clean water. These things affect the environmental support (Green Governance) of the Indonesian state community. The Indonesian government does not provide appropriate environmental support (Green Governance) for some of the above problems that have an impact on the destruction of ecosystems in several regions in the country currently, especially the capital city of Indonesia (Jakarta). The government needs to increase the Green Governance Movement as a form of responsibility for all impacts arising from international-scale development by presenting foreign and local investors who underlies the existence of social inequality that takes away the welfare of the people of the Indonesian state.

### **3.2. Efforts provided by investors and the Indonesian state government as a form of responsibility for the affected communities**

Of course, the affected community is not necessarily ignored, as for the roles of investors and the Indonesian government as a form of government responsibility. The Indonesian state and investors to affected communities can be described in the following discussion:

### 3.2.1. Provision of new jobs

The employment provided should be used as a form of economic fulfillment of the Indonesian people at a low level in order to restore their economic cycle as a result of the increase in the Indonesian state currency due to investment in the development of the Indonesian state. Thus, affected communities can experience equal welfare and social equality. However, the existing field facts do not show any compatibility between the solution and the facts. In the journal "Pengaruh Investor Asing Terhadap Perkembangan Masyarakat Lokal Di Indonesia by Hj. Yonani, S.H., M.H." cites the positive impact of investment from foreign investors on the people in South Sumatra which does not make the problem of social equality in terms of economy reduced but the positive impact is only used as a guarantee issue. So that a positive impact is inefficient to reduce the level of social equality that exists in the Indonesian state. The Indonesian government should open a wide quota of employment with requirements that are easily accessible to the low-income community so that they get decent work from the many government buildings that have investment in them.

### 3.2.2. Social security through "PRA-KERJA" card

The "PRE-KERJA" card is one of the programs of the President of the Republic of Indonesia Joko Widodo which is useful for low-level people in getting decent work as a fulfillment of community welfare and leveling social levels in the country. With this program, it can increase environmental support for the people of Indonesia as a form of recovery for people affected by termination of employment due to COVID-19. The card provides training to affected communities so that they can open their own superior and competent jobs in the 4.0 era. However, with this program, the community does not feel helped because the people of Indonesia tend to need more job containers, not just training provided by the government. Therefore, the government should provide a forum for low-income communities so that they can apply the potential obtained from the results of their training. The community should also be given equitable education on the program so that they want to move to create new businesses and innovations in the scope of entrepreneurship.

### 3.2.3. Promotion of green governance activities

In order to restore and ensure the welfare of the people of Indonesia, the government makes full efforts in carrying out community environmental support programs through innovations and youth activities Indonesian. This is still unable to reach all groups of society due to lack of awareness of the environment of the people of the Indonesian state. In this regard, the promotion of Green Governance activities is expected to be widespread and directly improve the quality of the environment, therefore sustainable development needs to be realized to support the sustainability of the Green Governance program. Thus can the realization of a dynamic quality of life. The expectation when the promotion is followed by increased awareness in line with the amount of information absorbed and can be received by every individual who gets the program of these. The purpose of the promotion is as a form of government solution as an effect of development with investment from local and foreign investors. The development initiated has an impact on environmental support such as clean water quality, decent housing, air pollution, and population density in certain regions. In addition, the Indonesian government should provide more environmental support to people living in slums and unhealthy environments, The government can preserve the environment gradually so that the environment inhabited by the community remains beautiful and healthy. The Indonesian government is also less smart in managing clean water. Reducing waste and vehicle emissions must also be considered every day so as not to damage the existing natural ecosystem. From some of the above, the Indonesian government should create healthy and cheap community mobility that can reduce public expenditure and create a healthy green environment, In this case, it can be in the form of emission-free public transportation, disposable and plastic everyday equipment, walking culture, and direct waste management to the community environment.

### 3.2.4. Assistance of the minister of social affairs

The government strives to create programs that can support the equality of the Indonesian people by presenting economic assistance distributed through the Minister of Social Affairs as a form of guarantee of environmental support for the community healthy and efficient. The assistance distributed is in the form of cash funds that must be received by the poor, but this is not well realized as evidenced by the receipt of

government donations in the form of basic necessities that have been worn out and are no longer suitable for consumption. This does not at all help the welfare of the Indonesian people so that efforts in community equality are not achieved properly. Thus, the Indonesian government should have a practical and sophisticated aid distribution system, where people can directly receive aid funds from government without going through intermediaries of illegal and irresponsible individuals. The Indonesian government can create breakthroughs such as aid cards that can be filled in electronic money as a form of direct assistance from the Indonesian state government, so that Other than beneficiaries do not have special access to obtain these funds. Community research by the Indonesian government also needs to be improved to be more thorough and selective so that the funds provided are not mistargeted.

## 4. Closing

### 4.1. Conclusion

1. Legal basis of both local and foreign investors.

- Pasal 2 (1) dan (4) Undang-undang Republik Indonesia Nomor 25 Tahun 2004 concerning the National Development Planning System.
- Pasal 4 (2) Undang-undang Republik Indonesia Nomor 25 Tahun 2007 concerning investment.
- Pasal 15 dan 16 Undang-Undang Republik Indonesia Nomor 25 Tahun 2007 concerning investment.

2. The Impact of Foreign and Local Investors in the Construction of International Standard Buildings on Social Equality and Environmental Support (Green Governance) of the Indonesian Community.

The positive impacts of Foreign and Local Investors in the Construction of International Standard Buildings on Social Equality and Environmental Support (Green Governance) of the Indonesian Community are as follows:

- Influence on Indonesia's economic development
- The Indonesian government can increase the value of the Indonesian currency against foreign currencies.
- Supporting the stability of the Indonesian economy so that the Indonesian state has high competitiveness in international circles.

- Investment given to the development of the Indonesian state, especially in buildings with international standards can be realized well and minimize the budget of funds issued by the Indonesian state.

In addition, the negative impacts of Foreign and Local Investors in the Construction of International Standard Buildings on Social Equality and Environmental Support (Green Governance) of the Indonesian Community are as follows:

- Indonesian people with low economic levels are heavily burdened by foreign and local investment. With the high value of the Indonesian currency as a result of foreign and local investment, the community feels burdened in terms of their demanding economy must keep abreast of all forms of changes in the Indonesian state with a makeshift economy.

- Increase the poverty rate of the Indonesian people which has an impact on their environmental support.

- The impact of development and investment also causes several environmental gaps that have an impact on the backwardness of some environments that cannot keep up with these developments.

- In addition, the development causes factors in changes in the community's environment such as settlements, places of water absorption and even the location of clean water . These things affect the environmental support (Green Governance) of the Indonesian state community.

3. The efforts provided by investors and the Government of Indonesia as a form of responsibility for the affected communities are as follows:

- Provision of New Jobs
- Social Security Through "PRA-KERJA" Card.
- Promotion of Green Governance Activities.
- Assistance of the Minister of Social Affairs.

## 4.2. Solution/Advice

With this law as a basis, the Government can be in line or support the existence of foreign and local investment in the country of Indonesia. In addition, other regulations can be used by the Indonesian state government in carrying out development that pays attention to environmental support and social community stability.



The government needs to increase the Green Governance Movement as a form of responsibility for all impacts arising from international-scale development by presenting foreign and local investors who underlie the existence of social inequality that takes away the welfare of the people of the Indonesian state.

In the field of providing new jobs, the Indonesian government should open a wide quota of employment with requirements that are easily accessible to the low community so that they get decent jobs from the many government buildings that have investment in it. In the field of Social Security Through the “PRA-KERJA” Card, the government should provide a forum for low-income people so that they can apply the potential obtained from their training results. The community should also be given equitable education on the program so that they want to move to create new businesses and innovations in the scope of entrepreneurship. In the field of Promotion of Green Governance Activities, the Indonesian government should create healthy and cheap community mobility that can reduce public expenditure and create a green environment. Healthy ones, in this case, can be emission-free public transportation, disposable and plastic everyday equipment, walking culture, and waste management. Direct discharge into the community environment. In the field of Social Minister Assistance, the Indonesian government should have a practical and sophisticated aid distribution system, where the community can directly receive aid funds from the government without going through intermediaries of illegal and irresponsible individuals. The Indonesian government can create breakthroughs such as aid cards that can be filled in electronic money as a form of direct assistance from the Indonesian state government, so that Other than beneficiaries do not have special access to obtain these funds. Community research by the Indonesian government also needs to be improved to be more thorough and selective so that the funds provided are not mistargeted.

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