



Investment Needs Analysis in Pekanbaru City In 2023

Ramadin

Institut Teknologi dan Bisnis Master, Pekanbaru, Riau, Indonesia

Email: ramadin999.ait@gmail.com

Abstract

The development of investment is one indicator of the progress of economic growth in Indonesia, where investments made properly can support the improvement of the welfare of the Indonesian people. The challenge of implementing investment in Indonesia today, one of which is the implementation of regional autonomy in Indonesia. The investment performance of a region can be reflected in the Capital Output Ratio (COR) and Incremental Output Ratio (ICOR). The development of the availability of investment in an area can be measured from the Capital Output Ratio (COR) which is the ratio between realized investment and the income of a region or GRDP. Meanwhile, the amount of investment capacity of a region in increasing any increase in regional income can be measured from the Incremental Capital Output Ratio (ICOR). If you look at the development of ICOR in Pekanbaru City, it has fluctuated, in 2016 it rose to 15.62 then in 2017 it decreased to 14.27, then in 2018 it became 15.57 and in 2019 it increased to 13.27 and in 2020 it decreased to -17.33 this is influenced by the Covid 19 Pandemic factor which causes all business sectors to slow down, in 2021 with a value of 15.87. From the results of the analysis of the Projection Investment Needs formulation, it is found that the investment needs in the city of Pekanbaru as much as Rp. 129 682.91 billion, it can be seen that the Base sector is in dire need of investment in 2023, which is 65.4%, the Business Fields are Manufacturing, Construction, Wholesale and Retail Trade., Car and motorcycle repair.

Keywords Investment, COR, ICOR

INTRODUCTION

The development of investment is one indicator of the progress of economic growth in Indonesia, where investments made properly can support the improvement of the welfare of the Indonesian people. The challenge of implementing investment in Indonesia today, one of which is the implementation of regional autonomy in Indonesia. Since 2001 the era of regional autonomy in Indonesia began, where since the enactment of Law Number 22 of 1999 concerning Regional Government and then renewed by Law Number 23 of 2014. Meanwhile, the source of funding is regulated in Law Number 25 of 1999 concerning the Financial Balance between the Central Government and Regional Governments, which was later updated by Law Number 33 of 2004.

Investment is an addition to the capital stock. The definition of physical capital is all capital goods used in the production process such as machines, buildings, vehicles and equipment and others. Capital is the fixed assets of a business entity. In general, capital is often referred to as Gross Capital Stocks, which is the accumulation / accumulation of gross capital formation from year to year which is used to produce new products. Investment is also synonymous with Gross Fixed Capital Formation (PMTB) which is the amount of physical investment (real investment) realized in a country/region at a certain time (physical domestic investment). Called PMTB because it does not include changes in stock (inventory). (BPS and Bappeda Situbondo, 2012). Investment activities are expected to have a positive effect on economic growth, their presence is able to act as a driving force and at the same time become a driver for the acceleration of development in general. The



experience of other countries whose economies are growing rapidly shows that investment activities significantly affect the increase in exports, foreign exchange, state and regional income, employment and technology transfer, all of which lead to efforts to improve people's welfare.

In the context of such regulations concerning regional autonomy, it is also regulated that the granting of state financial resources to Regional Governments in the context of implementing decentralization is based on the assignment of tasks by the Government to Regional Governments with due observance of fiscal stability and balance.

The relationship between investment and national output has long been formulated in the Harrod-Domar model of economic growth. This theory basically analyzes the conditions needed for the national economy to be able to grow steadily in the future. Emphasis is placed on the role of capital formation in an effort to create economic growth. The condition that must be met is that in the long term, the production capacity, which has increased from year to year as a result of capital formation in the previous year, must be fully utilized. (Susilowati, Sri H., et al., 2012). The relationship between capital formation and output growth is reflected in a macroeconomic indicator known as ICOR (Incremental Capital Output Ratio). This indicator shows the amount of additional new capital needed to increase one unit of output or added value (Susilowati, Sri H., et al., 2012). Output in terms of ICOR is the additional (flow) of products from the results of economic activities in a period or values that are the result of the utilization of production factors. This output represents all added value on the basis of the cost of production factors generated from all business activities. For this reason, in calculating the industrial sector ICOR, the Gross Value-Added concept is used; not an output concept in general. (BPS Banten Province, 2015). Output in terms of ICOR is the additional (flow) of products from the results of economic activities in a period or values that are the result of the utilization of production factors. This output represents all added value on the basis of the cost of production factors generated by all business activities. For this reason, in calculating the industrial sector ICOR, the Gross Value-Added concept is used; not an output concept in general. (BPS Banten Province, 2015). Output in terms of ICOR is the additional (flow) of products from the results of economic activities in a period or values that are the result of the utilization of production factors. This output represents all added value on the basis of the cost of production factors generated by all business activities. For this reason, in calculating the industrial sector ICOR, the Gross Value-Added concept is used, not an output concept in general. (BPS Banten Province, 2015).

According to Adisasmita (2010), each region needs to take policies that are in accordance with the specific characteristics of each region. The question that can then be asked is what about investments made in the era of regional autonomy, especially in relation to regional financial problems.

This issue is a very decisive issue in the development of regional investment, especially if the investment is related to the structure of the regional government budget, its management, and accountability. Investment in the regions also has implications for how the



regional autonomy law interacts with the investment law itself in Indonesia, especially in the Pekanbaru City area.

According to the Law of the Republic of Indonesia Number 25 of 2007 concerning Investment, it is stated that to accelerate national economic development and realize Indonesia's economic sovereignty, investment is needed to process economic potential into real economic strength by using capital originating both from within and outside the country, including regional resources.

Regional development is the process of formulating and implementing development goals on a supra-urban scale. Regional development is basically carried out by using natural resources optimally through local economic development, namely based on basic economic activities that occur in an area. According to the theory developed by Hirschman and Myrdal, regional development is unbalanced growth. This theory views that an area cannot develop if there is a balance, so there must be an imbalance. It is not possible to invest in every sector in a region equally, but it must be done in leading sectors which are expected to attract the progress of other sectors. (Siswanto, 2014)

Pekanbaru City as one of the big cities in Indonesia is expected to be able to contribute to the economy for the country and also for the welfare of its people. This city has the second largest Gross Regional Domestic Product (GRDP) in Riau Province after Bengkalis Regency, with a value of 64.76 billion. This shows the amount of income in Pekanbaru City. However, the high GRDP does not mean that Pekanbaru City no longer has economic problems. Until 2017, there were more than 33 thousand people categorized as poor in Pekanbaru City. The unemployment rate in Pekanbaru City is 8.91 percent of the total productive age population. This problem is a challenge to be solved by the Pekanbaru City Government. In addition, Pekanbaru City with a high GRDP, still wants to increase regional income so that it does not lag behind other cities. Severely inadequate infrastructure is a major constraint to economic growth, as infrastructure gaps result in increased costs, impede incoming investment, and reduced opportunities to participate in growth. Government spending on infrastructure is very low; due to funding constraints, poor spending choices, or constraints on public sector lending. (Tabor, 2015). and reduce opportunities to participate in growth. Government spending on infrastructure is very low; due to funding constraints, poor spending choices, or constraints on public sector lending. (Tabor, 2015). and reduce opportunities to participate in growth. Government spending on infrastructure is very low; due to funding constraints, poor spending choices, or constraints on public sector lending. (Tabor, 2015).

To advance the regional economic sectors in Pekanbaru City, investment support is needed to increase economic value. However, before that, it is necessary to have confidence to invest in economic sectors with potential and opportunities. In an effort to convince these investment activities, there is a need for an in-depth study to explore the potential and investment opportunities in selected economic sectors, so as to minimize risk, while Riau Province is a province that has the fifth largest GRDP value in Indonesia, with a value of 705 .68 trillion in 2017 (BPS Riau Province, 2018). losses for investors, including micro,



small and medium enterprises (MSMEs). This is in accordance with the mission of the Mayor of Pekanbaru City.

Pekanbaru City DPMPTSP is a one stop service provider to carry out some of the affairs of the city regional government in the field of licensing and non-licensing services in an integrated manner as well as investment with the principles of coordination, integration, synchronization, simplification, security, and certainty. DPMPTSP was formed based on the Pekanbaru City Regulation Number 9 of 2016 concerning the Establishment and Structure of the Pekanbaru City Regional Apparatus and the Pekanbaru Mayor's Regulation Number 260 of 2017 concerning the Position, Organizational Structure, Duties and Functions and Work Procedures of the Pekanbaru City Investment and One Stop Service. DPMPTSP has a vision of "Realizing Pekanbaru Become an Investment Destination City Through Excellent Licensing and Non-Licensing Services".

THEORETICAL REVIEW

Investation

Investment is an addition to the capital stock. The definition of physical capital is all capital goods used in the production process such as machines, buildings, vehicles and equipment and others. Investment is also synonymous with Gross Fixed Capital Formation (PMTB) which is the amount of physical investment (real investment) realized in a country/region at a certain time (physical domestic investment). Called PMTB because it does not include changes in stock (inventory). (BPS and Bappeda Situbondo, 2012). One of the indicators commonly used in evaluation and planning activities, especially those related to investment, is the Incremental Capital Output Ratio (ICOR). ICOR is a coefficient used to find out how much new investment is needed to increase/add one unit of output. The ICOR amount is obtained by comparing the amount of additional capital with additional output. The ICOR is used to measure the efficiency level of an investment. (BPS and Bappeda DIY, 2014)

PMDN

Domestic investment is domestic investment. What is meant by domestic investment (PMDN) based on Law no. 6 of 1968 jo. No. 12 of 1970 concerning Domestic Investment is direct domestic investment which is carried out according to or based on the provisions of the law in Indonesia, in the sense that the owner of the capital directly bears the risk of the investment.

PMA

In Indonesia, investment is regulated in Law of 2007. Article 1 paragraph 3 of Law Number 25 of 2007 concerning Investment states that: "Foreign Investment (PMA) is an investment activity to conduct business in the territory of the Republic of Indonesia. carried out by foreign investors, both using fully foreign capital and cooperating with domestic investors".



Regional Development Strategy Concept with Increased Investment

Regional development is the process of formulating and implementing development goals on a supra-urban scale. Regional development is basically carried out by using natural resources optimally through local economic development, namely based on basic economic activities that occur in an area. According to the theory developed by Hirschman and Myrdal, regional development is unbalanced growth. This theory views that an area cannot develop if there is a balance, so there must be an imbalance. It is not possible to invest in every sector in a region equally, but it must be done in leading sectors which are expected to attract the progress of other sectors. (Siswanto, 2014).

RESEARCH METHODS

This study uses a quantitative approach by using a descriptive study, which is a method used to solve problems by describing or describing something that actually happened. This research also used descriptive research. Descriptive research is research designed to obtain information about the status of a symptom when the research is conducted (Furchan, 2004). The data required is secondary data, obtained will be analyzed using qualitative and quantitative descriptive data analysis methods. The information and what is needed is in accordance with the research objectives, but is carried out in more depth by tracing sources of information so that complete information is obtained about something.

RESULTS AND DISCUSSION

Pekanbaru City Economic Growth

Economic growth was recorded in 2020 at -4.38%, in 2021 the economic growth rate rose to 5.24%. The Gross Regional Domestic Product (GRDP) of Pekanbaru City is dominated by the Provision of Accommodation and Food and Drink (17.59%), Health Services and Social Activities (11.78%) and Wholesale and Retail Trade; Car and Motorcycle Repair (10.81%).

During the last five years (2017-2021), the economic structure of Pekanbaru City was dominated by 3 (three) categories of business fields, including: Wholesale and Retail Trade, Car and Motorcycle Repair, Construction and Processing Industry. This can be seen from the role of each business field in the formation of the GRDP of Pekanbaru City. The biggest role in the formation of Pekanbaru City's GRDP in 2021 is generated by the wholesale and retail trade, car repair and motorcycle business fields, which amounted to 29.94 percent. Furthermore, the construction business sector contributes 29.57 percent to the economy of Pekanbaru City. Then, the Processing Industry, its role in the economy in Pekanbaru City will increase to 21.09 percent in 2021, previously at 20.79 percent in 2020.

Investment in Pekanbaru City

Economic growth in Pekanbaru City is largely supported by the flow of investment into Pekanbaru City. Investment itself can simply be defined as the expenditure or expenditure of investors or companies to buy capital goods and production equipment to



increase the ability to produce goods and services available in the economy. Based on the 2015-2025 RUPM text, the investment opportunities provided by the City of Pekanbaru also vary from various sectors, especially from the trade sector, the service sector and the industrial sector, both manufacturing and tourism industries, investment in the Tenayan Raya Industrial Estate, investment in Cargo Terminals, investment in the Tourism Industry Sector, investment in Lake Wisata Bandar Khayangan Lembah Sari, investment in education services, investment in health services,

Trade and Service Industry Investment

Investment opportunities in the Trade and Services Sector in Pekanbaru City are very promising investments, along with the development of Pekanbaru City, especially in the development of shopping centers, the proliferation of shopping centers and trading activities are very visible and the number of buying and selling transactions increases every year. The three potential investment sectors are.

- a) forThe service sector, namely hotels, restaurants and restaurants which is growing rapidly, can be seen by the large number of businesspeople who come to Pekanbaru City.
- b) The industrial sector is now supported by the existence of the Tenayan Industrial Estate (KIT) in Pekanbaru City.
- c) The trade sector will also continue to develop; it can be seen that there are many shopping centers present in Pekanbaru City. People from various regions also come to Pekanbaru City because of the many choices.

Lake Bandar Khayangan Valley Sari

InvestStations in the Tourism Sector, namely Lake Bandar Khayangan Lembah Sari, are located in Rumbai Pesisir Subdistrict, Lembah Sari Village, which is supported by good road access, approximately 10 kilometers from the center of Pekanbaru City. This lake has an area of about 150 hectares of water at normal water surface conditions and is able to accommodate a water volume of approximately 5.25 million m³. The Bandar Khayangan Lembah Sari Lake area is more precisely built as a place for family entertainment and marine tourism with natural nuances such as making bungalow facilities, auditoriums, water parks and children's playgrounds as well as fishing pond areas with the Ecopark concept based on Halal tourism as an attraction.

Tenayan Raya Investment

Along with the realization of the construction of the Mayor's Office and the central government office in Tenayan Raya District which has been launched and the construction process since 2014 and will be completed in 2018, the Pekanbaru City Government has also prepared an area of 1,500 ha. The area which is located on the banks of the Siak River can also make it easier for investors to export and import goods through water transportation.



Hospitality and MICE Investasi Investment

MICE is an abbreviation of *Meeting* (meeting), *Incentive* (bonus), *Convention* (meeting), *Exhibition* (exhibition). From this length alone, you may have guessed the purpose of the establishment of this MICE. Its main objective is to improve service to consumers in the service sector. This investment opportunity in hospitality and MICE is a very promising opportunity because the average visitor to Pekanbaru City prefers a comfortable and relaxed resting place considering the busy activities carried out in Pekanbaru City.

Education Investment

Even though it does not affect the geographical location of an area, education investment in Pekanbaru City is one of the investments that is increasingly promising, this can be seen from the high desire of the community to get quality and quality education. Currently the number of educational facilities in the city of Pekanbaru both from the level of PAUD, Elementary School, Junior High School (SMP), Senior High School and Vocational (SMA/SMK) and. Universities, both public and private, are still experiencing a shortage.

Health Investment

The quality and health of health workers is one of the indicators in improving the welfare of the population in an area. Until now, the city of Pekanbaru has provided health facilities such as Posyandu, Inpatient Health Centers, Sub-Puskesmas located in every kelurahan to large-scale hospitals. In addition to the Regional General Hospital (RSUD) Arifin Achmad which is located at the intersection of Jalan Diponegoro and Jalan Hangtuah and is added to health facilities from the private sector, such as Eka Hospital, Awal Bros Hospital, Safira Hospital, Aulia Hospital, Ibnu Sina Hospital and several other hospitals. When compared with the high number of health workers, there are still shortages.

Investment in Transportation

Invest Stations in the transportation sector in Pekanbaru City are no less promising than investments in other fields. Since 2009, the Pekanbaru City Government has provided 70 units of public transportation called Trans Metro Pekanbaru buses with a fleet of 9 corridors and 60 bus stops and an additional 50 units of grants from the Indonesian Ministry of Transportation. However, considering the high need for people who use public transportation, the availability of Trans Metro Pekanbaru buses still requires an additional number of fleets in providing services considering that there are still many lines that cannot serve the needs of the community.

Waterfront City Investment

Waterfront City Pekanbaru City is a structured concept that combines private interests and community empowerment while still paying attention to aspects of environmental sustainability. Investment opportunities in the Waterfront City area are divided into several



parts, including a new city, Pekanbaru City Center 2020 whose development will be carried out around the Siak River with the function and theme of a water city, a service and tourism center, and as a city landmark.

Super Block Area Development

The goal of making Pekanbaru City a megapolitan city on Sumatra Island by 2030 is realized by presenting five super blocks, all of which will be connected by a circular route. For example, in the Meranti Pandak area, a trans studio will be built which will be connected to the Pekanbaru City office area in the south across Jalan Garuda Sakti kilometer eleven Kubang Raya to the Pasir Putih area. And the white sand itself will later be connected to the Bandar Khayangan Lake area which has an 18-hole golf course. To support all investment sectors offered, the Pekanbaru City Government will ensure security and investment and provide maximum management services.

Telecommunications Investment

As an area located in the provincial capital, Pekanbaru City is a city center that provides a million potential investments with a variety of superior products. As one of the busiest cities in Sumatra, Pekanbaru City is inseparable from the importance of using telecommunications so that from its strategic geographical location and many business centers it opens up investment opportunities in the telecommunications sector, such as: Fiber Optic Performances for the use of Cable Internet TV and Office Supporting, and Data Center.

Investment Potential in 15 Districts of Pekanbaru City

Currently, the division of sub-districts in the city of Pekanbaru has 15 sub-districts, but the administrative data for the new sub-districts have not been published, so the team can only display 12 sub-districts, namely;

- a. Tampan District: Repair Industry, Cake Bread Industry, Wood Industry, and Non-Machine Metal Industry
- b. Payung Sekaki District: Repair Industry, Non-machine Metal Industry, Apparel Industry, and Baking Bread Industry
- c. Bukit Raya District: Baking Bread Industry, Timber Industry, and Repair Industry, Apparel Industry;
- d. Marpoyan Damai District : Repair Industry, Garment Industry, Bread Industry and Printing Industry
- e. Tenayan Raya District: Brick Center Industry, Timber Industry, Repair Industry, Cracker Industry, Nuts etc. and Cassava Processed Industry
- f. Limapuluh District: Repair Industry, Printing Industry, Garment Industry and Drinking Water Industry
- g. Sail District: Printing Industry, Apparel Industry, Bread Cake Industry and Drinking Water Industry;
- h. Pekanbaru City District: Printing Industry, Apparel Industry, Furniture Industry and Baking Industry;



- i. Sukajadi District: Printing Industry, Garment Industry, Repair Industry and Baking Industry;
- j. Senapelan District: Baking Bread Industry, Repair Industry, Apparel Industry and Dumpling Industry, Nuts etc
- k. Rumbai District: Furniture Industry, Wood (Rattan) Industry, Non-Metal Mineral Industry, Rubber Industry and Fruit and Vegetable Industry
- l. Rumbai Pesisir District: Baking Bread Industry, Wood (Rattan) Industry, Non-Machine Metal Industry, Furniture Industry and Fruit and Vegetable Industry.

Pekanbaru City Investment Projection

Kota Pekanbaru, the capital city of Riau Province is located right in the middle of Sumatra Island and is directly opposite ASEAN countries as well as being a gateway for international trade (MP3EI). This city is also in a strategic traffic lane, namely the Sumatran route which has a variety of promising gold investment opportunities for investors who will invest in both development and development. Investation physical and non-physical. This promising investment opportunity can not be separated from the existence of Pekanbaru City which is in the vertex of the growth triangle of Indonesia, Singapore and Malaysia. This city is also very strategic because it is a link with the cities of Selat Panjang, Bengkalis, Siak Sri Indrapura, Sei Pakning and others as well as cities in the Riau Islands such as Tanjung Pinang and Batam.

Tabel 1
Projected Investment Opportunities for 17 (Seventeen) Business Fields in Kota Pekanbaru Year 2023

Business field	Business Field Contribution to GRDP 2021 (in Million Rupiah)	Average Business Field Growth Rate in 2017-2021 (%)	2023 Business Field Growth Projection (in million rupiah)	Investment Opportunities for 17 Business Fields in Pekanbaru City (in million rupiah)
A. AGRICULTURE	1,116,827.80	3.48	1,155,687.30	38,859.50
B. MINING	10,651.10	(0.30)	10,619.20	(31.90)
C. PROCESSING INDUSTRY	16,286,778.40	2.98	16,771,786.98	485,008.58
D. ELECTRICITY & GAS	178,279.60	8.48	193,394.99	15,115.39
E. WATER PROCUREMENT & WASTE TREATMENT	12,811.50	2.23	13,096.82	285.32
F. CONSTRUCTION	20,680,985.50	3.29	21,361,151.46	680,165.96
G. TRADE & REPARATION	19,895,406.10	2.81	20,453,721.36	558,315.26
H. TRANSPORT	1,322,972.70	(4,17)	1,267,860.89	(55,111,81)
I. ACCOMMODATION & RESTAURANT	1,043,192.20	0.20	1,045,255.98	2,063.78
J. INFOKOM	2,997,460.30	12.41	3,369,568.50	372,108,20
K. FINANCIAL SERVICES	2,694,502.40	4.08	2,804,435.71	109,933.31
L. REAL ESTATE	2,051,346.00	3.55	2,124,158.52	72,812.52
M. COMPANY SERVICES	11,221.90	(1.63)	11,039.24	(182.66)



Business field	Business Field Contribution to GRDP 2021 (in Million Rupiah)	Average Business Field Growth Rate in 2017-2021 (%)	2023 Business Field Growth Projection (in million rupiah)	Investment Opportunities for 17 Business Fields in Pekanbaru City (in million rupiah)
N. GOVERNMENT	2,316,961.80	0.40	2,326,274.68	9,312.88
O. EDUCATIONAL SERVICES	733,807.10	4.41	766,153.26	32,346.16
P. HEALTH & SOCIAL SERVICES	556,488.60	16.38	647,668.00	91.179.40
Q. OTHER SERVICES	709,389.80	0.08	709,959.33	569.53
TOTAL	72,619,082.80	3.45	75,125,781.65	2,412,749.43

Source: Processed Data, 2022
Investment Development in Pekanbaru City

Table 2
Development of Investment Realization of PMDN and PMA Pekanbaru City
Period 2012 SD 2021 Based on LKPM
Investment Activity Report

NO	TAHUN	Realisasi Investasi	Realisasi Investasi	Realisasi Investasi	Total Investasi	Jumlah proyek
		PMA (Juta US \$Ribu)	PMA (Rp)	PMDN (Rp)	(Rp)	
1	2012	708	8.850.000.000,00	4.760.000.000,00	13.610.000.000,00	17
2	2013	546	6.825.000.000,00	1.322.000.000.000,00	1.328.825.000.000,00	13
3	2014	1.892.000	23.650.000.000,00	2.658.320.000.000,00	2.681.970.000.000,00	20
4	2015	69.547.700	869.346.250.000,00	4.463.495.600.000,00	5.332.841.850.000,00	77
5	2016	9.562.300	129.091.050.000,00	694.715.200.000,00	823.806.250.000,00	97
6	2017	12.697	171.412.200.000,00	927.355.000.000,00	1.098.767.200.000,00	93
7	2018	28.404	426.045.000.000,00	277.041.000.000,00	703.086.000.000,00	134
8	2019	370.878	556.317.000.000,00	1.052.873.700.000,00	1.609.190.700.000,00	318
9	2020	189.797.966	2.657.171.520.000,00	2.534.744.000.000,00	5.191.915.520.000,00	1447
10	2021	147.203.207	2.208.048.100.000,00	1.897.772.240.000,00	4.105.820.340.000,00	2423
TOTAL		418.416.405	7.056.756.120.000	15.833.076.740.000	22.889.832.860.000	4.639

Source: DPMPSTP Pekanbaru City 2022
Analysiss ICOR (Incremental Capital Output Ratio) Pekanbaru City



Image 1
The Development of Pekanbaru City ICOR Value 2015-2021



Source: Processed Data, Year 2022

Table 5.1 shows that the ICOR is in the range of 13 to 15 for years other than 2020. The ICOR value of Pekanbaru City is high, which is above 5. This means that greater investment is needed to increase output. The ICOR value of 15.87 in 2021 shows that to achieve an additional output of 1 billion rupiah, an investment of 15.87 billion rupiah is needed. This high ICOR ratio indicates that investment is still less efficient. As it is known that the GRDP of Pekanbaru City is strongly influenced by the large trading business field and the PMTB expenditure component which requires a very large investment. In fact, the increase in output is not only caused by investment. There are other factors outside of investment such as labor, the application of technology and entrepreneurial skills are also influential. Thus, to see the role of investment in output by calculating ICOR, the role of other factors other than investment is assumed to be constant (*ceteris paribus*).

Based on the results of the 2022 Research Preparation of the Study on the Determination of Investment Realization Targets for Pekanbaru City in 2023, namely the Base Sector, Potential Sector and Non-Potential Sector.

CLOSING

Conclusion

1. The investment performance of a region can be reflected in the Capital Output Ratio (COR) and Incremental Output Ratio (ICOR). The development of the availability of investment in an area can be measured from the Capital Output Ratio (COR) which is the ratio between realized investment and the income of a region or GRDP. Meanwhile, the amount of investment capacity of a region in increasing any increase in regional income can be measured from the Incremental Capital Output Ratio (ICOR). If you look at the development of ICOR in Pekanbaru City, it has fluctuated, in 2016 it rose to 15.62 then in 2017 it decreased to 14.27, then in 2018 it became 15.57 and in 2019 it increased to 13.27 and in 2020 it decreased to -17.
2. From the analysis of the Projection Investment Needs formulation, it is found that the investment need figure in the city of Pekanbaru is Rp. 129 682.91 billion, it can be seen



that the Base sector is in dire need of investment in 2023, which is 65.4%, the Business Fields are Manufacturing, Construction, Wholesale and Retail Trade. , Car and Motorcycle Repair

3. In the Potential Sector with Projected Investment needs of 8.6%, that is, there are 7 business fields that have investment needs in the potential sector, namely Agriculture, Forestry and Fisheries, Financial and Insurance Services, Information and Communication Sector
4. In the Non-Potential Sector, the total investment requirement in 2023 is 26% with the business fields requiring investment are government administration revenue, defense and mandatory social security. Of course, Covid-19 also has an impact on government spending. Real Estate Business Field and Transportation, Warehousing and Accommodation Provider for food and drink.

Suggestion

1. Pekanbaru City Government in general continues to improve JALITA facilities (roads, electricity, water transportation and telecommunications) this will certainly attract investment to Pekanbaru City
2. Pekanbaru City Government, especially DPMPTSP, needs to develop and improve the information (up to date) that is available on periodic Regional Potential Mapping programs such as GIS (Geographical Information System). With this GIS/GIS, it will certainly make it easier for investors to invest, Data on Land Availability, Raw Materials, Featured Products, etc. can be accessed online by Investors.
3. The Pekanbaru City Investment and One Stop Service Office can make LKPM Data reflect the implementation of investment activities, both for those who are still in the construction stage or already in the commercial production/operation stage. This assessment can be reflected in the realization of investment both administratively and real in the field.
4. The Pekanbaru City Investment and One Stop Integrated Service Office needs to conduct an evaluation study on each program that has been implemented so that it can find out the weaknesses and strengths of these programs and can improve the quality of service to investors through these programs.
5. The Pekanbaru City Investment and One-Stop Integrated Service Office needs to evaluate the implementation of the LKPM Clinic in order to find problems that hinder the entry of investment
6. The Pekanbaru City Government conducts a Job Training Program for Job Seekers in order to increase the absorption of local workers
7. Strengthening Pekanbaru City Regulation Number 13 of 2018 concerning Amendments to Regional Regulation Number 4 of 2002 concerning the Placement of Local Workers. Article 21 only mentions Personnel with no Special Skills, such as Garden Cleaning Officers, Cleaning Waiters, and Security Personnel. It is also advisable to add to the recruitment of local workers with special skills, so that the potential for increasing the absorption of labor in the city of Pekanbaru can increase significantly.



8. The Pekanbaru City Investment and One Stop Integrated Service Office should carry out gradual training, technical guidance to its employees, so that the employee understands the procedures and procedures for filling out the LKPM Form, so that the Government Apparatus can explain how to fill out the form to business actors.
9. With the existence of the Omnibus Law, Law no. 11 was revised at the same time only Copyright with one Job Creation Law which regulates multi-sectors, which increases the ease of doing business from rank 73 (2020) to position 40 (2025), the Job Creation Law is made with Urgency among others; High land prices, Uncompetitive labor capabilities and higher wage increases compared to other countries, Overlapping policies of the central government and local governments, Poor perception of corruption index, There is a phenomenon of hyper regulation (excessive regulation), High demand for jobs, Policies unsynchronized sectors. The job creation law should provide opportunities for investment creation, but the job creation law is still unable to contribute to the creation of a good investment climate.
10. For investors who want to invest in Pekanbaru City, it is hoped that this research can be used as a reference in paying attention to potential sectors to be developed and the development priorities of each sector in Pekanbaru City.

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