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Study on the Influence of Investment on Economic Growth in Konawe Islands Regency

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Abstract: This research aims to analyze the role of investment in economic growth in Konawe Islands Regency. Economic development is a continuous process to improve public welfare through the growth of Gross Regional Domestic Product (GRDP). According to data from the Central Statistics Agency (BPS), the Gross Fixed Capital Formation (GFCF) of Konawe Islands Regency for the period 2017–2021 averaged only 32.85 percent, lower than household consumption expenditure of 53.09 percent. This research uses descriptive and quantitative approaches to describe the allocation of investment activities, the rate of economic growth, the influence of investment on economic growth, and the potential utilization of natural resources in regional development. The results of the research show that the allocation of investment activities in Konawe Islands Regency tends to increase with the economic progress of the region. The region's economic growth fluctuates from year to year with the contribution of different economic sectors. Investment has proven to have a positive and significant effect on economic growth, where government capital expenditure through GFCF directly encourages an increase in real GRDP. However, the potential of the region's natural resources has not been optimally utilized, so it is necessary to increase the allocation of more directed investment to accelerate economic growth and regional independence.

Keywords: Investment; Economic Growth; Regional Development

A. Introduction

Economic development is a continuous process aimed at catching up with developed countries. According to Meier and Rouch (2000) in Todaro and Smith (2014), development policy initially focused on maximizing Gross National Product (GNP) growth through capital accumulation and industrialization. Economic growth leads to

an increase in the goods and services produced, driven by investment, technological advancements, labor availability, work experience, and education (Sukirno, 2013). The government plays an important role in creating development policies that encourage investment to increase economic output productively and sustainably.



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Increasing investment is a key strategy for the government to strengthen the foundation of regional economic development. Investment is considered the root of economic recovery and growth, especially post-pandemic. Local governments need to create strategic policies so that development programs are targeted according to the real conditions of the region. In the context of Southeast Sulawesi, the government has established the 2018–2023 RPJMD (Regional Medium-Term Development Plan) as a guideline for regional development, including Konawe Islands Regency, which is elaborated in the 2021–2026 RPJMD. The RPJMD document contains the vision, mission, strategies, policy directions, and development programs tailored to the region's potential.

As an integral part of the development of Southeast Sulawesi Province, Konawe Islands Regency is directed to increase economic growth to improve the welfare of the community. The role of investment is an important factor in accelerating economic development through various economic activities. According to Husnan and Pudjiastuti (2012), an investment project is a plan to invest resources to generate future benefits. To see the contribution of investment, the Gross Fixed Capital Formation (GFCF) indicator is used.

Data shows that the average GFCF value of Konawe Islands Regency for the period 2017–2021 was only 32.85 percent, smaller than household consumption expenditure of 53.09 percent (BPS, 2022). This indicates that capital accumulation for investment is still limited. In fact, high economic growth is strongly influenced by the amount of investment. Increased investment will drive economic growth, increase employment, reduce unemployment, and increase community income.

The GRDP value of Konawe Islands Regency in 2017–2021 showed fluctuations,

with a sharp decline in 2020 of -0.63 percent due to the COVID-19 pandemic. However, in 2021, GRDP grew positively again by 2.30 percent. From the production side, business fields with large contributions include mining, wholesale and retail trade, vehicle repair, and construction. Economic growth illustrates an increase in the standard of living of the community, but fluctuations in expenditure components over the past five years indicate the need for a systematic study of the influence of investment on regional economic growth so that development is more effective and community welfare is increased.

B. Materials and Methods

This research was conducted in Konawe Islands Regency, Southeast Sulawesi Province, with the object of study being the influence of investment on regional economic growth. The research took place over three months after the signing of a cooperation agreement between P3M (Research and Community Service Center) of Sekolah Tinggi Ilmu Ekonomi Enam Enam Kendari and Balitbang (Research and Development Agency) of Konawe Islands Regency.

Research data was collected through research instruments directly by the research team with the assistance of enumerators for one month. The types of data used are quantitative and qualitative data. Quantitative data was obtained from official publications of related agencies, while qualitative data was obtained from interviews, completion of research instruments, and field notes. Primary data includes information obtained directly from respondents, while secondary data includes GRDP (Gross Regional Domestic Product) data at constant 2010 prices and Gross Fixed Capital Formation (GFCF) obtained from BPS (Central Statistics Agency), the Investment and Capital Investment Office, and investors.

Data analysis used descriptive analysis and simple linear regression with the help of SPSS version 21 software. Descriptive analysis was used to provide an overview of the research variables in the form of averages, percentages, and data development trends. Simple linear regression was used to test the influence of investment (X) on economic growth (Y). The regression equation model used is:

$$Y = \alpha + \beta X + e$$

where:

Y = economic growth,

X = is the role of investment,

α = constant,

β = regression coefficient, and

e = error.

Classical assumption tests include normality test, homoscedasticity test, multicollinearity test, and linearity test. Hypothesis testing was carried out through the calculation of the coefficient of determination (R^2), the F test to test the feasibility of the model, and the t test to test the significance of the influence of the independent variable on the dependent variable at a significance level of 5%.

Operational definitions of variables: (1) Investment (X) is measured through the contribution of GFCF value during the period 2014–2021; (2) Economic Growth (Y) is measured using the GRDP growth rate based on constant 2010 prices in the same period.

C. Result and Discussion

GFCF (Gross Fixed Capital Formation) is one of the components of GRDP (Gross Regional Domestic Product), which represents the amount of investment. Other components are household consumption, consumption of government and non-profit institutions, changes in inventory, and export-import activities. Therefore, an increase in the share of GFCF in the GRDP of Konawe Islands Regency from time to time is a desirable condition. This is because an

increase in investment will absorb a lot of labor, which in the long term can reduce unemployment and regional economic inequality.

The assessment of the influence of investment with the indicator of the contribution of the value of Gross Fixed Capital Formation (GFCF) to economic growth with the indicator of GRDP growth based on constant prices in Konawe Islands Regency can be statistically described in Table 1.1 as follows:

Table 1.1 Descriptive Statistics of GRDP Growth and GFCF Variables in Konawe Islands Regency, 2014-2021

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
PMTB	8	5,52	5,87	5,7300	,13352
Pertumbuhan Ekonomi	8	2,00	2,96	2,3600	,46031
Valid N (listwise)	8				

Source: Secondary Data (Processed)

Table 1.1 above shows the observation period of the research for 8 years, from 2014 to 2021. The lowest GRDP growth with a value of 2.00 percent occurred in 2020, which was caused by the Covid-19 pandemic. Meanwhile, the highest growth value with a value of 2.96 percent occurred in 2016, which indicates the best economic growth during the observation period in this study. The average economic growth that occurred over the last 8 years was 2.36 percent with a deviation value (standard deviation) of 0.46.

1. Allocation of Investment Activities Occurring in the Konawe Islands Regency

Investment activities in Konawe Islands Regency play a key role in the regional economic growth process, where investment has a dual function: creating community income and increasing the production capacity of the regional economy by increasing the capital stock for regional infrastructure development activities. Investment activities in Konawe Islands

Regency allow a community to continuously improve regional economic activities and expand employment opportunities, increase regional income, and improve the level of community prosperity. Increased capital investment in Konawe Islands Regency is carried out in order to manage economic potential so that it becomes the real economic strength of the region by using capital originating from the development budget and regional expenditure budget (APBD).

The role of investment in this study is measured by the indicator of Gross Domestic Fixed Capital Formation (GDFCF) to Gross Regional Domestic Product based on the expenditure of Konawe Islands Regency from 2014 to 2021. This condition provides a value for all capital expenditures allocated for investment activities. The role of investment with the indicator of Gross Domestic Fixed Capital Formation (GDFCF) on GRDP growth can be seen in Table 5.2 as follows:

Table 1.2 Gross Fixed Capital Formation by Type of Expenditure in Konawe Islands Regency (billion rupiah), 2014-2021.

No.	Year	Gross Fixed Capital Formation (Billion Rupiah)	Percentage Growth of GFCF (%)
1	2014	249,53	.
2	2015	258,68	3,6
3	2016	288,95	11,70
4	2017	314,47	8,83
5	2018	331,29	5,35
6	2019	349,96	5,64
7	2020	333,15	-4,80
8	2021	355,92	6,83
Average		310,24	5,32

Source: Secondary Data (Processed)

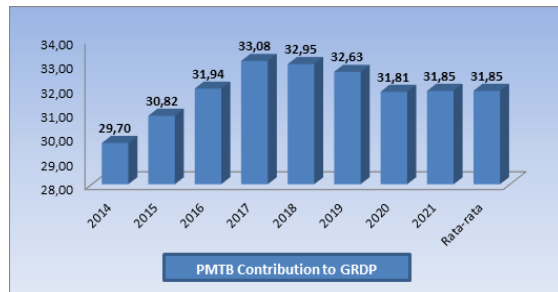
Based on Table 1.2 above, it can be seen that the allocation of government expenditure for capital spending — as an

indicator of the value of investment made by the Regional Government of Konawe Kepulauan Regency — measured through the value of Gross Fixed Capital Formation (GFCF), averaged IDR 310.24 billion from 2014 to 2021, with an average annual increase of 5.32 percent.

In 2014, the GFCF value of Konawe Kepulauan Regency amounted to IDR 249.53 billion and increased in 2015 to IDR 258.68 billion, or by 3.5 percent. In 2016, the GFCF continued to grow significantly, reaching IDR 288.95 billion, an increase of 11.70 percent, and kept rising in 2017 to IDR 314.47 billion, or 8.83 percent. The growth persisted in 2018, with GFCF reaching IDR 331.29 billion (up 5.35 percent), and in 2019 it further increased to IDR 349.96 billion (up 5.64 percent). However, in 2020, GFCF in Konawe Kepulauan Regency decreased to IDR 333.15 billion, a decline of -4.80 percent, due to the COVID-19 pandemic, which affected the government's budgeting system. Nevertheless, in 2021, GFCF rebounded, increasing to IDR 355.92 billion, or by 6.83 percent.

This indicates that Konawe Kepulauan Regency pays considerable attention to regional investment activities to promote local economic growth. Capital expenditure aimed at improving the region's basic economic infrastructure has a significant impact on attracting investors to invest in Konawe Kepulauan. The increase in GFCF value also contributes greatly to the rise in the Gross Regional Domestic Product (GRDP) of Konawe Kepulauan Regency. The contribution of GFCF to GRDP based on expenditure from 2014 to 2021 can be seen in Figure 1.1 below:

Figure 1.1. Graph of GFCF Contribution to GRDP at Current Prices in Konawe Kepulauan Regency, 2014–2021.



Source: Secondary Data (Processed)

Based on Figure 1.1 above, it can be seen that the contribution of Gross Fixed Capital Formation (GFCF) to the Gross Regional Domestic Product (GRDP) of Konawe Kepulauan Regency from 2014 to 2021 averaged 5.32 percent of the total GRDP value. The allocation of government expenditure in the form of capital spending by the Konawe Kepulauan Regency Government has made a significant contribution to the development of regional infrastructure, thereby attracting investors to expand their businesses in the region.

In addition to having abundant natural resource potential, the regency is also supported by a conducive business environment facilitated by the local government. Consequently, there are currently four large domestic companies that have invested in nickel ore mining activities in Konawe Kepulauan Regency. These companies have developed their operations across several districts within the regency.

The four mining companies are domestic enterprises categorized as Domestic Investment (PMDN) operating in Konawe Kepulauan Regency. These nickel mining companies have carried out business investment activities for mineral exploration in four districts that possess the highest-quality nickel deposits in the regency.

The nickel mining companies that have invested and are planning to expand their operations in Konawe Kepulauan Regency are presented in Table 1.4 below:

Table 1.3. Nickel Mining Companies Investing in Konawe Kepulauan Regency.

No.	Company name	District Area	Types of Mining Materials
1.	PT. Alotama Karya	West Wawonii	Nikel
		Central Wawonii	Nikel
2.	PT. Bumi Konawe Mining	South Wawonii	Nikel
		Southeast Wawonii	Nikel
3.	PT. Gema Kreasi Perdana	Southeast Wawonii	Nikel
		West Wawonii	Nikel
		Central Wawonii	Nikel
4.	PT. Konawe Bakti Pratama	West Wawonii	Nikel
		Central Wawonii	Nikel

Source: Directory of Mining Companies of Southeast Sulawesi Province, 2021.

Based on Table 1.3 above, it can be seen that Konawe Kepulauan Regency has attracted the attention of investors to carry out natural resource exploitation in the area. This condition can generate economic benefits for several companies as well as for communities in various districts and for the people of Konawe Kepulauan Regency in general. However, the large-scale forest exploitation in the region, which poses potential ecological risks, must be carefully monitored to ensure environmental sustainability and to prevent harm to the wider community.

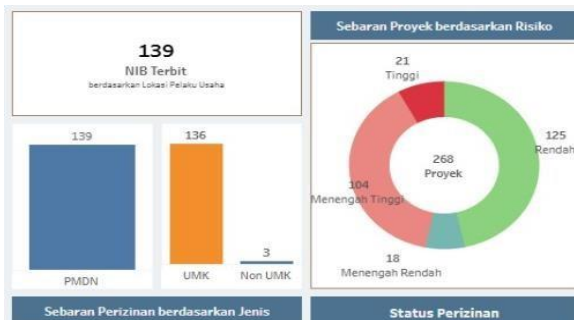
The four mining companies have obtained mining business licenses (IUP) from the Governor of Southeast Sulawesi, with a total concession area of 7,649 hectares. Nevertheless, only one company — PT Gema Kreasi Perdana — has commenced exploration activities, covering 954 hectares in South Wawonii and Southeast Wawonii Districts.

According to Mulyana, investment is a commitment of a certain amount of funds or other resources made at present with the aim of obtaining future returns. Meanwhile, Halim defines investment as the placement of a certain amount of funds at present with the expectation of gaining profits in the future (Basuki Pujoalwanto, 2014). Furthermore, Fitzgerald describes investment as an activity related to the

mobilization of funds to acquire capital goods at present, from which a stream of new products will be generated in the future (Salim and Budi Sutrisno, 2008).

The allocation of investment activities occurring in Konawe Kepulauan Regency can be seen in Figure 5.3, showing the distribution of project locations as illustrated in the following figure:

Figure 1.2. Project Distribution Based on Risk in Konawe Kepulauan Regency



Source: OSS Electronically Integrated Business Licensing System, 2022

Based on the figure above, it can be seen that the project distribution in Konawe Kepulauan Regency is well organized. The distribution of business licenses by type shows 139 Domestic Investment (PMDN) projects, 136 Micro and Small Enterprises (MSEs), and 3 Non-MSE business actors. Furthermore, the distribution of projects by risk category indicates a total of 268 projects, consisting of 21 high-risk, 104 medium-high risk, 18 medium-low risk, and 125 low-risk projects.

In addition, the project distribution can also be reviewed by business district. This distribution is illustrated in the following figure:

Figure 1.3. Project Distribution by Business District in Konawe Kepulauan Regency.



Source: OSS – Online Single Submission Integrated Electronic Licensing System, 2022

Based on the figure above, it can be seen that the distribution of projects by business district in Konawe Kepulauan Regency is well-balanced. The data show that there are 124 projects in West Wawonii, 41 projects in East Wawonii, 38 projects in Southeast Wawonii, 25 projects in North Wawonii, and 17 projects in Central Wawonii.

2. Economic Growth Rate in Konawe Kepulauan Regency

Efforts must be made to enhance the ability of the regional economy of Konawe Kepulauan Regency to produce goods and services. In other words, the region's economic growth should continue to improve through quantitative changes, which can be measured using data on Gross Regional Domestic Product (GRDP) or per capita income/output. The regional economic growth rate of Konawe Kepulauan Regency is reflected in the percentage increase in the real regional income in a given year compared to the real income of the previous year.

The higher the economic growth rate achieved by Konawe Kepulauan Regency, the faster the increase in regional output and the better the prospects for regional development. By identifying the sources of economic growth, the local government can determine the priority sectors for development. There are three main components that influence economic growth: capital accumulation, population growth, and technological progress.

However, this study focuses more on examining the increase in capital accumulation through investment activities in Konawe Kepulauan Regency.

The role of regional investment activities in the economic development of Konawe Kepulauan Regency is crucial, as investment significantly contributes to accelerating regional development. Such investment activities help create employment opportunities and increase value added for various commodities produced in the region.

The Gross Fixed Capital Formation (GFCF) sector in the expenditure allocation contributing to the formation of GRDP in Konawe Kepulauan Regency is one of the key sectors driving regional development. The contribution of the GFCF sector to the economic growth of Konawe Kepulauan Regency has shown a consistent and significant trend over the years. The role of GFCF in regional economic development can be traced through its contribution to the rate of economic growth or to the Gross Regional Domestic Product (GRDP).

Economic growth in a region can be measured by comparing its GRDP in the current year with that of the previous year — both at the provincial and regency/city levels. This measurement is conducted periodically (annually) to monitor the progress of regional economic development. In this study, the data used represent changes in goods and services converted into monetary units based on constant prices.

Economic growth is analyzed using the growth rate of GRDP at constant 2010 prices. The GRDP growth rates of Southeast Sulawesi Province and several regencies/cities compared with the GRDP growth of Konawe Kepulauan Regency from 2015 to 2021 can be seen in Table 5.4 below: Table 1.3 Economic Growth of Konawe Regency compared with Southeast Sulawesi Province 2015-2021

Coverage Area	2015	2016	2017	2018	2019	2020	2021
Buton	4,17	4,74	4,94	5,05	4,12	-0,49	2,62
Muna	7,15	6,08	5,02	5,16	5,40	0,01	3,18
Konawe	6,11	5,53	5,21	10,70	11,84	6,42	6,51
Kolaka	6,55	5,13	10,38	5,84	6,14	-3,40	4,21
Konawe Selatan	8,13	6,95	6,69	5,66	5,69	-2,22	4,84
Bombana	7,69	5,41	6,54	5,83	5,99	0,56	3,50
Wakatobi	7,68	7,97	5,96	6,49	6,60	0,76	4,02
Kolaka Utara	7,05	7,67	6,03	6,59	6,10	0,40	2,66
Buton Utara	4,13	6,04	6,24	6,38	5,69	0,90	4,08
Konawe Utara	6,75	5,64	6,00	5,85	6,41	-0,72	4,59
Kolaka Timur	6,19	7,40	5,11	4,77	5,91	-0,31	4,83
Muna Barat	8,08	7,21	5,31	6,62	6,79	0,42	4,09
Buton Tengah	2,86	8,08	6,47	5,83	6,26	3,04	3,12
Buton Selatan	4,09	7,16	6,98	5,48	5,95	-1,39	2,29
Kota Kendari	7,90	9,01	6,38	6,08	6,48	-1,30	3,86
Kota Bau-Bau	8,84	8,04	6,87	6,71	6,59	-0,81	4,15
Konawe Kepulauan	7,79	7,82	7,10	7,42	7,36	-0,63	2,30
Southeast Sulawesi Province	6,88	6,51	6,76	6,40	6,50	-0,65	4,10

Source: Konawe Islands in Figures 2022

Table 1.3 above shows that the economic growth rate at constant prices (2010) of Konawe Islands Regency averaged 7.3 percent from 2015 to 2019. This figure in 2019 was above the economic growth rate of Southeast Sulawesi Province, which only reached 6.50 percent in 2019. This indicates that Konawe Islands Regency has successfully improved its regional economy annually. As a new autonomous region split from its parent regency, Konawe Regency, after running its own economy in the spirit of regional autonomy, this region has achieved quite good development progress.

3. The Influence of Investment on Economic Growth in Konawe Kepulauan Regency

Economic development in Konawe Kepulauan Regency aims to improve public welfare through inclusive economic growth. To achieve this goal, economic development policies must encourage greater investment participation to generate added value across all economic sectors. Investment is expected not only to provide capital support for infrastructure development but also to absorb labor and increase regional productivity.

To examine the effect of investment on economic growth in Konawe Kepulauan Regency, a simple linear regression method was used. The stages and analytical results are as follows:

Table 1.4. Identification of Relationships Between Research Variables

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	PMTDB ^b	.	Enter

a. Dependent Variable: Pertumbuhan Ekonomi

b. All requested variables entered.

Source: Secondary Data (Processed)

Based on Table 1.4 above, it is known that the independent variable included in the regression equation is investment (X), while the dependent variable is economic growth (Y). The variables used in this study have passed all stages of the data normality test as a prerequisite for conducting regression analysis.

a. Coefficient of Determination (R Square) and Correlation (R)

The coefficient of determination (R^2) explains the proportion of the dependent variable that can be jointly explained by the independent variable. The value of the coefficient of determination ranges from $0 \leq R^2 \leq 1$. The closer the R^2 value is to one, the greater the ability of the independent variable to explain the dependent variable. Conversely, if the R^2 value approaches zero, the independent variable has a smaller ability to explain the dependent variable. The value of the coefficient of determination is presented as follows:

Table 1.5. Determination Coefficient Value

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891 ^a	.794	.775	1.40992

a. Predictors: (Constant), PMTDB

b. Dependent Variable: Pertumbuhan Ekonomi

Source: Secondary Data (Processed)

The results of the regression analysis show an R^2 value of 0.794, which means that investment (X) explains 79.4% of the variation in economic growth (Y) in Konawe Kepulauan Regency, while the remaining 20.6% is influenced by other factors outside the model. The correlation coefficient (R) value of 0.891 indicates a very strong relationship between investment and economic growth. Thus, the regression model used is considered "fit" and serves as

a reliable estimator of the influence of investment on regional economic growth.

b. Partial Test (t-Test)

To examine the significance of the investment variable (X) on Economic Growth (Y) partially, the following alternative hypothesis test is formulated:

$H_0 : \beta_1 = 0 \rightarrow$ Investment has no positive and significant effect on economic growth in Konawe Kepulauan Regency.

$H_1 : \beta_1 \neq 0 \rightarrow$ Investment has a positive and significant effect on economic growth in Konawe Kepulauan Regency.

Based on the data processing results using SPSS, the partial test produced the following results:

Table 1.6. Partial Test for Investment (X) on Economic Growth (Y)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,729	1,825		2,591	,000
	PMTDB	,409	,466	,533	3,545	,000

a. Dependent Variable: Pertumbuhan Ekonomi

Source: Secondary Data (Processed)

Based on Table 5.8, the investment variable has a p-value = 0.000 < α = 0.05, meaning H_0 is rejected. This indicates that investment has a positive and significant effect on economic growth in Konawe Kepulauan Regency.

The regression model obtained from the simultaneous and partial tests is:

$$Y = \alpha + \beta X + e$$

$$Y = 4.729 + 0.409X$$

Where:

Y = Economic Growth

X = Investment

β_0 = Intercept (Constant)

The intercept coefficient of 4.729 implies that even without investment, economic growth increases by 4.729. The results indicate that the investment sector contributes positively to economic growth in Konawe Kepulauan Regency, although the effect is not yet significant in the short term. The regression model suggests that a 1%

increase in investment will increase economic growth by 0.409%.

However, the benefits of government investment through capital expenditure and Gross Fixed Capital Formation (GFCF) are typically realized after infrastructure projects are completed and operational—usually in the second year or later.

These findings align with the Harrod-Domar theory and neoclassical growth models, which emphasize the importance of capital accumulation, labor, and technology as long-term growth drivers. Investment plays a dual role: it creates income while expanding production capacity through capital stock increases. The findings confirm that infrastructure development in Konawe Kepulauan requires time to produce a multiplier effect on the local economy. Therefore, the government must continue to increase investment allocation, expand beneficiary sectors, and create a favorable investment climate for private and community participation.

4. Potential Utilization of Natural Resources in the Development of Konawe Kepulauan Regency

Konawe Kepulauan Regency has abundant natural resources that can be developed across the agriculture, plantation, livestock, fishery, mining, and tourism sectors.

a. Agriculture, Livestock, and Plantation Sector

The food crop area of about 4,559 hectares produces rice, corn, taro, and cassava. The plantation area of 17,059 hectares produces coconut, nutmeg, cashew, cocoa, and clove. Coconut is the leading commodity with a total of 3,341 hectares, attracting foreign investors (e.g., from India) for copra and coconut flour exports. Nutmeg (728 ha), cashew (5,557 ha), and clove (990 ha) also have high development potential through partnerships with investors in processing and marketing.

Livestock such as cattle, goats, chickens, and ducks contribute to the local economy.

b. Fishery Sector

As an archipelagic region, capture fisheries are the main livelihood, with total production of 7,915.71 tons in 2021, valued at IDR 185.18 billion. Aquaculture is developed in 400 hectares of brackish water areas, producing crabs, shrimp, lobsters, milkfish, and marine cage fish. The development of superior aquaculture commodities is directed toward sustainability to maintain stable production and support coastal community income.

c. Mining Sector

Konawe Kepulauan Regency has potential non-metallic mineral resources such as quartz sand (1,039 ha), dolomitic limestone (9,385 ha), chromite, and limestone. Additionally, there are nickel reserves covering 7,729 hectares in the Southeast, East, and Central Wawonii Districts. Utilization of this potential requires transparent and sustainable governance to ensure that mining revenues help reduce poverty, stimulate economic growth, and deliver positive impacts to local communities. Downstream processing (value-added industries) must be strengthened to create jobs and enhance the regional economy.

d. Tourism Sector

Wawonii Island offers marine, cultural, and special interest tourism potential, including Kampa Beach, Tengker Beach, Tumburano Waterfall, Cultural Heritage Sites, and Mosolo Sulfur Hot Springs, which have the potential for rafting tourism. However, tourism management remains suboptimal due to limited human resources and funding. The local government needs to collaborate with stakeholders and attract investment to develop basic tourism infrastructure, enabling the tourism sector to become a sustainable source of local revenue (PAD).

D. Conclusion

Based on the problem formulation, research objectives, results, and discussion in this study, the following conclusions can be drawn:

1. The allocation of investment activities occurring in the Konawe Islands Regency shows that government investment activities, as indicated by the amount of government expenditure through Gross Domestic Fixed Capital Formation (GDFCF), are continuously increasing in number along with the increasing economic progress of the region.
2. The rate of economic growth occurring in the Konawe Islands Regency fluctuates from year to year. Each economic sector forming the Gross Regional Domestic Product (GRDP) in the Konawe Islands Regency has different growth rates.
3. The role of investment has a positive and significant effect on economic growth in the Konawe Islands Regency. This means that the allocation of local government capital expenditure through Gross Domestic Fixed Capital Formation has a direct influence in the medium term on increasing the growth of GRDP based on constant prices in the Konawe Islands Regency during the period from 2014 to 2021.
4. The considerable potential of natural resources in the Konawe Islands Regency has not been optimally utilized, so it is necessary to increase investment allocation to encourage growth and independence in the regional economic development process..

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