

MONETARY INFLUENCE ON INVESTMENT IN LAMPUNG PROVINCE: SHARIA ECONOMIC ANALYSIS

Anggoro Sugeng

Faculty of Islamic Economics and Business, Institut Agama Islam Negeri Metro, Lampung,
Indonesia. Jl. Ki Hajar Dewantara No. 15a, Iringmulyo Metro Timur Kota Metro, 34112

E-mail: anggorosugeng@metrouniv.ac.id

Fajar Setiono

Banking Practitioner, BPR Eka Bumi Artha Kantor Cabang Pringsewu, Lampung, Indonesia.
Jl. Ahmad Yani No. 31, Kabupaten Pringsewu, 35371

E-mail: fajarsetiono96@gmail.com

Ku Abdul Muhaimin Yusof

Academy of Islamic Studies, Princess of Naradhiwas University, Narathiwat, Thailand.
Khok Khian, Mueang Narathiwat District, Thailand, 96000

E-mail: muhaimin.y@pnu.ac.th

ABSTRACT

This study aims to determine the effect of Interest Rates, Inflation, and Exchange Rates on Investment in Lampung Province as well as Islamic economic views on Investment. The types and sources of data use a quantitative approach, with secondary data in the form of time series data from 2007-2016. Based on multiple linear regression analysis using the T-test, it was found that: Interest Rates did not affect Investment with a significant value of $0.292 > 0.05$, Inflation had an effect on Investment with a significant value of $0.02 < 0.05$, and Exchange Rates had an effect on Investment with a significant value of $0.000 < 0.05$. While testing using the F test shows that: Interest Rates, Inflation, and Exchange Rates have a significant effect on Investment in Lampung Province with a significant value of $0.000 < 0.05$. The conclusion of this study shows that interest rates have no effect on investment; because changes in monthly interest rates do not immediately get a response from the market. In Islam, investment is highly recommended to avoid unproductive assets and must comply with Islamic principles.

Keywords: Islamic Economics; Inflation; Investment; Exchange Rates; and Interest Rates.

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh Suku Bunga, Inflasi, dan Nilai Tukar terhadap Investasi di Provinsi Lampung serta pandangan ekonomi islam terhadap Investasi. Jenis dan sumber data menggunakan pendekatan kuantitatif, dengan data sekunder berupa data time series dari tahun 2007-2016. Berdasarkan analisis regresi linear berganda menggunakan uji T, didapatkan bahwa: Suku Bunga tidak berpengaruh terhadap Investasi dengan nilai signifikan $0.292 > 0.05$, Inflasi berpengaruh terhadap Investasi dengan nilai signifikan $0.02 < 0.05$, dan Nilai Tukar berpengaruh terhadap Investasi dengan nilai signifikan $0.000 < 0.05$. Sedangkan pengujian menggunakan Uji F menunjukkan bahwa: Suku Bunga, Inflasi, dan Nilai Tukar berpengaruh secara signifikan terhadap Investasi di Provinsi Lampung dengan nilai signifikan $0.000 < 0.05$. Kesimpulan dalam penelitian ini menunjukkan Suku Bunga tidak berpengaruh terhadap Investasi, karena perubahan suku bunga perbulan tidak langsung mendapat respon dari pasar. Dalam Islam, investasi sangat dianjurkan untuk menghindari asset-asset yang tidak produktif dan harus sesuai prinsip Islam.

Kata Kunci: Ekonomi Islam; Inflasi; Investasi; Nilai Tukar; dan Suku Bunga.

INTRODUCTION

The development system is a reference for an area to be said both in terms of the economy, in terms of infrastructure, natural resources, human resources, and the role of the government. Economic development is one answer that seems to be a kind of key to success for a country to increase the living standards of its citizens. Thus, it is appropriate if the main core objectives of development revolve around eradicating poverty, creating jobs, increasing people's welfare, and filling independence in the political fields, with economic development in this process a fair and equitable distribution of income is realized in various groups of people within the scope of groups developing countries themselves, as well as between countries (Suryana, 2008).

Indonesia as a country that has great natural resource potential cannot be separated from economic problems in general. Therefore, the driving factor for economic growth in Indonesia is the need for investment. Investment is important for economic growth related of the contribution it makes. The contribution of investment to economic growth can be seen from the demand and supply sides. From the demand side, increased investment will stimulate economic growth by creating effective demand. Meanwhile, from the supply side, increased investment will stimulate economic growth by creating more capital reserves which will then develop in the form of increased production capacity (Sukirno, 2013). The economic growth of a region is driven by sources of financing originating from exports, foreign aid, foreign investment, and domestic savings. The allocation of capital, which we know as investment, mainly comes from two sources, namely domestic investment, and foreign investment. Investments from within the country and abroad will positively impact on economic growth (Kuncoro, 1997).

National development activities are inseparable from all the roles of regional governments in the success of their regional economy through optimal utilization of available resources. In addition, as an effort to increase the role and capabilities of the regions in national development, regional governments are required to be more independent in financing operational activities carried out, especially in the current free economic competition (Kuncoro, 1997; Nugroho, 2008; Sukirno, 2013; Suryana, 2008).

Lampung Province as one of the provinces with a variety of natural wealth certainly has strategic potential in the investment sector, there are several natural resource potentials that are owned by Lampung province which have enormous possibilities for investment activities, both domestic investment and foreign investment due to the availability of raw materials from various

agricultural, plantation, mining and quarrying sectors of agricultural products, forestry and also regional potentials that can be used as tourist objects so that these potentials can be empowered and provide enormous benefits to increase the country's foreign exchange. The following is the investment rate of both FDI and PMDN in Lampung Province in the last ten years (*Badan Pusat Statistik Provinsi Lampung, 2017*)

From table 1, it can be seen that the total investment in Lampung Province has fluctuated over the last five years. The total investment with the lowest value in 2012 amounted to IDR 1,365,477,800,000, while the investment with the largest value in 2016 was IDR 7,205,000,000,000 (*Badan Pusat Statistik Provinsi Lampung, 2017*). Interest rates are remuneration provided by banks based on conventional principles to customers who sell or buy their products. Sukirno said that the interest rate is the factor that determines the size of the investment made by the public (private sector). Lower interest rates will increase investment demand. High-interest rates can be a drag on private as well as public sector growth. Therefore, low-interest rates are an important condition to encourage investment (Kasmir, 2012; Sukirno, 2013). Interest rates in Lampung Province have increased continuously in the last five years. Based on table 1, shows that interest rates in Lampung Province have increased continuously from 2012-2016. Starting in 2012 with a value of 10.08% until 2016 it reached 12.04% (Sutawijaya & Zulfahmi, 2013).

Table 1. Development of FDI and PMDN Investment, Interest Rates, Inflation, and the Exchange Rate of the Rupiah against the US Dollar in Lampung Province in 2012-2016

Years	Investment (Rp)	Interest Rates (%)	Inflation (%)	Exchange Rate (Rp)
2012	1,365,477,800,000	10,80	4,30	9.718
2013	1,911,000,000,000	10,70	7,68	13.000
2014	5,106,000,000,000	11,50	8,38	13.500
2015	4,322,000,290,000	11,35	4,86	13.650
2016	7,205,000,000,000	12,40	2,75	13.500

Source of data: BPS, Statistics Lampung, 2018.

Inflation is an increase in the general price level of goods or commodities and services over a certain period of time (A. Karim, 2010). Business people will consider whether to invest or not by making an expectation of a country's economic conditions in the future. The relationship between inflation and investment is explained by Sulong and Agus, one of the indicators used by economic actors in assessing economic conditions in a country is the inflation rate. Therefore, an investor's decision to invest in an area is influenced by the inflation rate in that area. This condition is in line with the results of Suryaman's research (1999) which examined the effect of the inflation rate on PMDN in North Sumatra from 1983 to 1997 (Sinaga, 1999). The results of his study found that the inflation rate had a significant negative effect on PMDN (Marsela, 2014).

The inflation rate in Lampung Province fluctuated from 2012-2016. This was marked by an increase in the inflation rate from 2012 of 4.30% to 7.68% in 2013. Which then increased again in 2014 and reached 8.38%. However, in 2015 and 2016 it experienced a significant decrease, namely at 4.86% and 2.75%. The exchange Rate is a record (quotation) of the market price of a foreign currency in domestic currency or its recipe, namely the price of domestic currency in foreign currency. The exchange rate is an important indicator in a country's economy, the price of the exchange rate is determined by the demand and supply that occurs in the market. The current account and other macroeconomic variables are affected by exchange rates. In measuring the economic condition of a country, the exchange rate can be used as one of the tools. Stable growth in currency value indicates that the country has relatively good economic conditions (Fischer & Dornbusch, 2008). Based on table 1 above, the rupiah exchange rate against the US dollar continued to weaken from 2012 with a value of IDR 9,718 per dollar until 2016 reaching a value of IDR 13,500 per US dollar.

There are several previous studies that have studied the Effects of Interest Rates, Inflation and Exchange Rates on Investment including: Beatrik et al who studied investment in Sorong Regency, Ni Made Krisna Marsela in Bali Province, Adrian Sutawijaya about private investment in Indonesia, Maria Ulfah, et al. about investment in Aceh, and Amida Tri Septofany about foreign investment in Indonesia. The differences in the research studied by researchers are seen in different objects, and put forward views of Islamic economics regarding the ongoing investment (Marsela, 2014; Sefle et al., 2014; Septifany, 2015; Sutawijaya & Zulfahmi, 2013; Ulfah et al., 2014).

The geographical location in the south of Sumatra Island has placed Lampung Province in a strategic position, especially as the gateway to Java Island and Sumatra Island. Lampung Province has the potential as one of the nodes for the distribution of national goods and services which is supported by natural resources owned by Lampung Province. Lampung Province is divided into 13 regencies and 2 cities. Over the past five years, Lampung's economy has been dominated by 4 (four) sectors, namely agriculture, forestry and fisheries, manufacturing and construction industries. With this potential, it proves that Lampung Province is a strategic area for investors to invest their assets, which will also indirectly have an impact on capital ownership so that it will make it easier to develop assets owned which will ultimately have an impact on economic growth in Lampung Province. seen from the value of existing investments (*Badan Pusat Statistik Provinsi Lampung, 2017*).

Islam teaches its people to try to get a better life in this world and in the hereafter. Obtaining a good life in this world and in the hereafter which can guarantee the achievement of physical and spiritual well-being (*falah*). One of the ways to achieve prosperity is by investing. Islam provides signs or restrictions regarding investments that are permissible and not permissible for business people such as investors, traders, suppliers, and anyone related to this world. Not only that, some things such as knowledge about investing in related sciences need to be deepened so that the investment activities, we do are worth worshipping, and get inner satisfaction and blessings in this world and the hereafter (*Sakinah, 2014*).

RESEARCH METHOD

Types and sources of data using a quantitative approach. Primary data was obtained by looking at journals and books related to research in Lampung province. while secondary data comes from government agencies published by the Central Bureau of Statistics of Lampung Province. The population taken in this study is the report data on the level of investment, both foreign investment and domestic investment, and data on interest rates, inflation, and exchange rates in Lampung Province. In this study, the authors used a ten-year sample from 2007-2016. The analytical method used is to use a quantitative descriptive approach (*Render, 2015*), namely by collecting, managing, and then presenting observation data so that other parties can easily get a picture of the object of the research. Quantitative descriptive is done to answer research questions, namely to analyze the influence between variables. The data analysis test tool uses multiple regression analysis, which is the analysis of the shape and level of the relationship

between one dependent variable and more than one independent variable (Creswell, 2014). For the validity of the data, the classical assumption test and hypothesis test were used. The research variables consist of the Dependent variable, namely Investment (Y), and the independent variable, namely Interest Rate (X1), Inflation (X2), and Exchange Rate (X3).

RESULT AND DISCUSSION

RESULT

1. Classical Assumption Test Results

a. Normality test

The data to be previously tested must meet the normality requirements, the test used is the One-Sample Kolmogorov-Smirnov test. The data is declared normally distributed if the significance value is greater than 0.05. The results of the analysis of the assumption of normality with Kolmogorov-Smirnov on the residual value of the regression equation are described in the table 2.

The results of the normality test in table 2, using the one-sample Kolmogorov-Smirnov method show that the residual value of the independent variables and the dependent variable at an amount (N) of 120 is 0.176. This means that the data from this study are normally distributed because the residual value is greater than the significance of 0.05 or $0.176 > 0.05$. So that the regression model can be used for hypothesis testing.

Table 2. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

	Unstandardized Predicted Value
	120
Normal Parameters ^{a,b}	25.7708193
Std. Deviation	.40364485
Most Extreme Differences	.101
	.101
	-.055
Kolmogorov-Smirnov Z	1.102
Asymp. Sig. (2-tailed)	.176

Source: Data processed 2018.

b. Multicollinearity Test

This research was conducted on data that the data must be free from multicollinearity symptoms, this symptom is indicated by the correlation between independent variables. Testing in the multicollinearity test by looking at the VIF (Variance Inflation Factor) value must be at number 10, this will be explained in table 3.

The results of the multicollinearity test in table 3 show that the data does not show signs of multicollinearity between each independent variable in the regression model, namely by looking at the VIF value and tolerance value. The results of the tolerance calculation show that there is no independent variable that has a tolerance value of less than 0.10, which means there is no correlation between the independent variables whose value is more than 95%. The results of the calculation of Variance Inflation Factors (VIF) also show the same thing, there is not one independent variable that has a VIF value of more than 10.

c. Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding errors in the previous t-1 period. If there is a correlation, then there is an autocorrelation problem. To detect autocorrelation in this study, the following Durbin Watson (DW) test was used in table 4.

Table 3. Multicollinearity Test Results

Standardized Coefficients	T	Sig.	Collinearity Statistics	
			Tolerance	VIF
Beta				
	1.638	.104		
.099	1.059	.292	.838	1.194
-.300	-3.216	.002	.834	1.200
.313	3.657	.000	.989	1.011

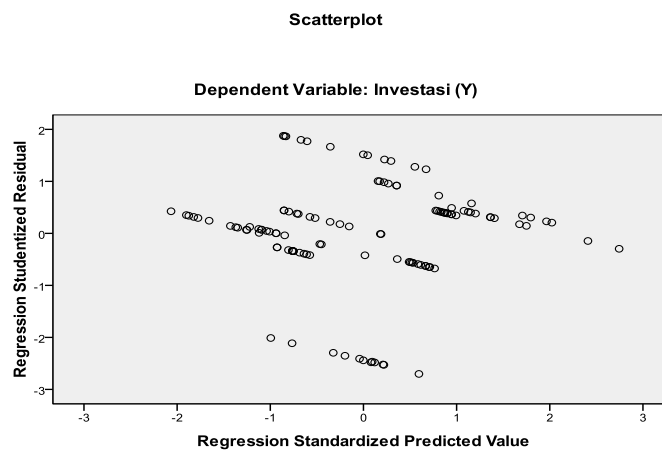
Source: Data processed 2018.

Table 4. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
	.397 ^a	.158	.136	.945	2.360

Source: Data processed 2018.

Figure 1. Heteroscedasticity



In table 4, it can be seen that the Durbin Watson (d) value is 2,360. This value will be compared with the table value which uses a significance of 5%. The number of samples (n) is 10 and the number of independent variables (k) is 3. So, from the table, we get the value $d_u = 2.6163$, and the value $d_l = 0.5253$. because the value of $d_l < d < d_u$ or $0.5263 < 2.360 < 2.613$ it can be concluded that there is no negative autocorrelation.

d. Heteroscedasticity Test

This heteroscedasticity test aims to test whether in the regression there is an inequality of variance and residuals from one observation to another. If the Variance and Residual from one observation to another observation remain, then it is called homoscedasticity and if it is different, it is called heteroscedasticity or heteroscedasticity does not occur. How to predict the presence or absence of heteroscedasticity can be seen with the scatterplot image pattern, regression where heteroscedasticity does not occur if the data points spread above and below or around the number 0, the data points collect only above or below, the data distribution may not form wavy pattern widens then narrows and widens again, the spread of data points is not patterned. The results of the heteroscedasticity test in Figure 1.

The results of heteroscedasticity data processing obtained data points spread above and below or around the number 0, data points do not collect only above or below, and the distribution of data points is not patterned so heteroscedasticity does not occur.

2. Hypothesis Test

a. Partial Test (T-Test)

This T-test aims to determine the effect of the independent variables consisting of Interest Rates, Inflation, and Exchange Rates on Investment in Lampung Province.

Based on partial regression testing in table 5, shows that the interest rate variable has no effect on investment in Lampung Province. The interest rate variable with t count is 1.059 and t table is 1.98063, $t \text{ count} < t \text{ table}$ ($1.059 < 1.98063$) or a significant value greater than alpha 0.05% ($0.292 > 0.05$). The inflation variable has a negative effect on investment in Lampung Province. Inflation variable, with $t \text{ count} > t \text{ table}$ ($3.216 > 1.98063$) or a significant value less than alpha 0.05 ($0.002 < 0.05$). The exchange rate variable has a positive effect on investment in Lampung Province. The exchange rate variable, with $t \text{ count} > t \text{ table}$ ($3.657 > 1.9806$) or a significant value less than alpha 0.05 ($0.000 < 0.05$).

b. Simultaneous Significance Test (F Test)

The F test aims to examine the effect of the independent variables consisting of interest rates, inflation, exchange rates on investment in Lampung Province together. To find out the significant or not jointly independent variable influence on the dependent variable, a probability of 5% ($=0.05$) is used. This is in table 6.

Table 5. Test Results Test T

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	8.281	5.056		1.638	.104
Suku Bunga (X1)	.048	.045	.099	1.059	.292
Inflasi (X2)	-.197	.061	-.300	-3.216	.002
Nilai Tukar (X3)	2.000	.547	.313	3.657	.000

Source: Data processed 2018.

Table 6. Test Results Test F

	Sum of Squares	df	Mean Square	F	Sig.
Model	19.389	3	6.463	7.241	.000 ^a
Residual	103.532	116	.893		
Total	122.920	119			

Source: Data processed 2018.

Table 7. Adjusted R Square Test Results

	R	R Square	Adjusted R Square
Model	.397 ^a	.158	.136

Source: Data processed 2018.

Based on table 6 it is known that the results of the simultaneous significant test (Test F) above show a sig. $0.000 < 0.05$, and calculated F value $7.241 > F$ table 2.68. This shows that: If probability < 0.05 then H_0 is rejected and If probability > 0.05 then h_0 is accepted. So, it can be shown that the variables of interest rates, inflation, and exchange rates have a simultaneous effect on investment because the probability is $0.000 < 0.05$.

3. The coefficient of determination

The coefficient of determination (R^2) serves to see how far all the independent variables can explain the dependent variable. If the determination number is stronger, it means that the independent variables provide almost all the information needed to predict the dependent variables. While the value of the coefficient of determination (R Square) which is smaller means that the ability of the independent variables to explain the variation of the dependent variable is limited.

Table 7 can be analyzed the effect of the independent variables on interest rates, inflation, and exchange rates on investment, this is indicated by the coefficient of determination of Adjusted R Square equal to 0.136, which means that the magnitude of the influence caused by the independent variables, in this case, explains the investment variable is 13.60% while the remaining 86.40% is influenced by other factors not referred to in this study.

Another factor that influences investment that the authors do not include in the research variables is the economic improvement undertaken by the United States after the 2008 crisis,

which made the dollar strengthen and made the currencies of other countries, including the Indonesian Rupiah, weaken. The United States issued a policy package (Quantitative Easing), which was carried out by injecting stimulus funds to arouse their economic enthusiasm from the crisis. They pump it by buying bonds and investing their funds in developing countries, including Indonesia. After their economy improved, they implemented a policy of cutting off the stimulus funds (Tapping Off), so that investors left which caused scarce and small amounts of Dollars so that Dollars were valuable and depressed the value of global currencies, including Indonesia.

The strengthening of the United States (US) economy. Strong US economic growth has led to speculation that the US Central Bank (The Fed) will soon raise interest rates (Fed Rate). Meanwhile in Europe, Japan and China, they are in need of monetary policy support to prevent their economies from falling into a recession. In other words, interest rates in the US tend to increase, while interest rates in other countries tend to stay the same or even decrease. High interest rates in the US have fuelled a flow of funds into US dollar-denominated assets (other than stocks and bonds). Concerns that the global economy will continue to slow down make world investors look for safe places for their investments. The recent decline in world oil prices is feared to have a negative impact on countries such as Russia, thereby exacerbating global economic conditions. Under these circumstances, the safest form to invest in is assets in the form of US dollars.

4. Multiple Linear Regression Analysis

The data analysis method used in this study is multiple linear regression analysis. Multiple regression is useful for predicting two or more predictor variables for one criterion variable or for proving whether there is a functional relationship between two or more independent variables (X) and a related variable (Y). Multiple regression analysis in this study was used to determine the effect of interest rates, inflation, and exchange rates on investment in Lampung Province for the 2007-2016 period. The formulation of the multiple regression equation itself is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Table 8. Regression Analysis Results

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	8.281	5.056	
Suku Bunga (X1)	.048	.045	.099
Inflasi (X2)	-.197	.061	-.300
Nilai Tukar (X3)	2.000	.547	.313

Source: Data processed 2018.

$$Y = 8.281 + 0.048 X1 - 0.197 X2 + 2.000 X3 + e$$

Explanation

- a = Constant
 X1 = Interest Rate
 X2 = Inflation
 X3 = Exchange Rate

The coefficients of the multiple linear regression equation above can be interpreted as follows:

- The constant value in the regression equation is 8,281 indicating that if the other independent variables are zero, then the investment variable will decrease by 8,261 units.
- The regression coefficient of the interest rate variable is 0.048 indicating that if the interest rate variable increases by one unit, the investment variable decreases by 0.048 units provided that the other variables are constant.
- The regression coefficient of the inflation variable is (-0.0197) indicating that if the inflation variable increases by one unit, the total investment will decrease by 0.0197 units. Vice versa if inflation decreases, the amount of investment will increase by 0.0197 units provided that other variables are constant.

- The regression coefficient of the exchange rate variable is 2,000 indicating that if the exchange rate variable increases (the rupiah appreciates) by one unit, the investment variable will increase by 2,000 units provided that the other variables are constant.

DISCUSSION

1. The Effect of Interest Rates, Inflation, GRDP, and Exchange Rates on Partial Investment
 - a. The Effect of Interest Rates on Investment in Lampung Province

The interest rate is one of the factors that influence the level of investment made within a certain period of time. The interest rate variable has a negative and significant relationship to investment activities in Lampung Province at a 1 percent significance level. This implies an increase in interest rates will increase the cost of capital, causing a large or small decrease in investment activity.

This is in accordance with the theory that the higher the interest rate, the higher the cost of borrowing, so investors do not borrow funds from banks because the risks that must be borne are very large. Therefore, an increase in interest rates will increase costs it can reduce the level of investment. From the partial results of the study, it is known that the significant value for variable X1 (Interest Rate) is $0.292 > 0.05$. So, it can be concluded that if the significant value is > 0.05 then H01 is accepted and H1 is rejected. Hypothesis H01 (Accepted) is: Interest rates have no effect on investment in Lampung Province.

The regression coefficient of the interest rate variable is 0.048 indicating that if the interest rate variable increases by one unit, the investment variable decreases by 0.048 units provided that other variables are constant. There is no effect on credit interest rates on total investment in Lampung Province for the period 2007 to 2016 because the investment credit interest rates observed in this study are investment credit interest rates on a monthly basis so the impact due to changes in interest rates per month does not directly get a response from the market as a result of changes in the amount Indirect investment occurs because it takes a period of time (term) between changes in interest rates and market responses, this is in line with the results of research by (Erawati & Llewelyn, 2002) who examined the analysis of interest rate movements and the rate of inflation expectations to determine monetary policy in Indonesia. The results of his research stated that responses to changes in interest rates would appear after 6-7 months from the time a policy was issued.

- b. The Effect of Inflation on Investment in Lampung Province

Inflation can affect economic stability in a country because it can reduce production. The decline in production will not be offset by a decrease in demand for goods due to high inflation rates in a country. Inflation has a negative impact on investment activities in the form of high investment costs. Investment costs will be cheaper if a country's inflation rate is low and will increase investment in Lampung Province. From the partial results of the study, it is known that the significant value for variable X2 (inflation) is $0.002 < 0.05$. So, it can be concluded that if the significant value is < 0.05 then H02 is rejected and H2 is accepted. Hypothesis H2 (Accepted) is: Inflation affects investment in Lampung Province.

The regression coefficient of the inflation variable is (-0.0197) indicating that if the inflation variable increases by one unit, the total investment will decrease by 0.0197 units. Vice versa if inflation decreases, the amount of investment will increase by 0.0197 units provided that other variables are constant. The inflation rate has an indirect effect on investment. When the prices of production factors increase, the company will experience a slower rate of return. This reflects if there is inflation, it will cause a tendency to decrease investment. In addition, inflation will lead to a decline in the rupiah exchange rate, so that the amount of rupiah needed to obtain factors of production will increase so that investors tend to reduce their investment. These results are consistent with research conducted by Amida Tri Septifany et al, regarding the Analysis of the Effects of Inflation, Interest Rates, Exchange Rates, and Foreign Exchange Reserves on Foreign Investment in Indonesia (Septifany, 2015).

c. Effect of Exchange Rate on Investment in Lampung Province

Theoretically, the impact of changes in exchange rates for investment is uncertain. Shikawa said the impact of changes in foreign currency exchange rates for investment can be directly through various channels, changes in exchange rates will affect two channels, domestic demand, and the supply side. In the short term, a decrease in the exchange rate reduces investment through a negative effect on domestic absorption, known as the expenditure-reducing effect. Because of this, a decrease in the exchange rate will cause the real value of assets due to increase in the general price level and will further reduce domestic demand. From the partial results of the study, it is known that the significant value for variable X3 (Exchange Rate) is $0.000 < 0.05$. So, it can be concluded that if the significant value is < 0.05 then H03 is rejected and H3 is accepted. Hypothesis H3 (Accepted) is: Exchange Rates affect investment in Lampung Province.

The regression coefficient of the exchange rate variable is 2,000 indicating that if the exchange rate variable increases (the rupiah appreciates) by one unit, the investment variable will increase by 2,000 units provided that the other variables are constant. This is because when the rupiah depreciates, the profit's real value will be reduced to reduce the level of investment. A currency value will change from time to time. These continuous changes will be caused by changes that always occur in the demand or supply of money. Therefore, the monetary authority is expected to be able to maintain the stability of the rupiah exchange rate so that the rupiah exchange rate can strengthen against foreign currencies. The strengthening of the rupiah exchange rate can be an indicator that confidence in the economy is starting to recover so that it can create an increase in the amount of investment. If the stability of the rupiah exchange rate can be maintained on an ongoing basis, it can provide great benefits for the economy. These results are consistent with research conducted by Ni Made Krisna Marsela on the Effects of Inflation Rates, GRDP, Credit Interest Rates, and the Dollar Exchange Rate on Investment, whose research results show that the US Dollar Exchange Rate variable has a significant influence on investment in the Province of Bali (Marsela).

2. Simultaneous Effects of Interest Rates, Inflation, and Exchange Rates on Investment

From the research results obtained through quantitative analysis, it shows that of the three variables studied, namely three independent variables (interest rates, inflation, exchange rates) and one dependent variable (investment) have an effect simultaneously this is shown by the F test which has a higher significance value smaller than 0.05 or a significance value of $0.000 < 0.05$, which means H_0 is rejected and H_4 is accepted. Hypothesis H_4 (Accepted) is: Interest rates, inflation, and exchange rates affect investment in Lampung Province. This means that the investment level can be influenced by these three factors or variables. Improving economic activity by controlling interest rates, inflation, and exchange rates which will ultimately encourage investment activities.

3. Investment in Lampung Province in the Perspective of Islamic Economics

From the perspective of Islamic economics, investment is an economic activity that is not only oriented to worldly issues, in this case Islam combines the dimensions of the world and the hereafter. According to some contemporary views, a Muslim who invests his funds or savings will not be taxed on the amount he has invested, but will be taxed on the profits generated from his investment.

Basically, investment is an active form of the Islamic economic system by emphasizing several principles that must be considered by investors, namely:

- Do not look for sustenance in things that are unlawful, both in terms of substance and how to get them, and do not use them for things that are unlawful.
- Not tyrannical and not tyrannized.
- Justice distribution of prosperity.
- Transactions are carried out on the basis of pleasure and satisfaction.
- There is no element of usury, *maysir* and *gharar*.

In Islam investment has several objectives including investment as a form of worship to Allah SWT, it can also reduce unemployment with the large number of workers absorbed as a result of investment activities it will open employment opportunities for workers, not only investment can also provide income for workers so that can reduce poverty, investment can also guarantee peace, prosperity and happiness in life for workers and their families.

To encourage the economy, investment in Islam is more aimed at the real sector, namely investments that are really invested directly in the business sector so that investment in the real sector is an activity that has a direct impact on the development of economic development directly because it has the opportunity to create new jobs, increase wheels of the economy and influence the development of related businesses from upstream to downstream.

The investment realization in Lampung Province according to the business sector along with the number of projects is presented as follows:

Table 9. Investment Realization in Lampung Province

Year	Investment			
	Foreign Investment (Billion Rupiahs)	Number of Projects	Domestic Investment (Billion Rupiahs)	Number of Projects
2007	248.283.636	14	951.356,40	7
2008	1.273.120.356	66	8.799.730	140
2009	41.677.140	12	1.948.356,20	8
2010	143.146.659	10	857.553,90	3
2011	731.801.928	49	6.911.242,66	71
2012	1.063.000.000	38	302.477,80	12
2013	469.000.000	123	1.442.000.000	97
2014	1.643.000.000	-	3.463.000.000	-

2015	3.222.000.000	61	1.102.000,29	31
2016	1.173.000.000	47	6.032.000.000	26

Source: Data processed 2018.

Project investment realization in Lampung Province was realized in the real sector business sector. In 2008, the number of projects realized was 206 projects as follows: 85 for the processing industry, 31 projects for plantations, 13 fisheries, 11 livestock, 9 food crops, 9 transportation and telecommunication, 8 mining, 5 trade, hotel and restaurant, 4 construction and building, the remaining 28 projects were realized in the other services sector. In 2013, the highest number of projects realized was 220 projects as follows: 73 were realized in the food industry, 52 in the processing industry, 25 in plantations, 19 in trade, hotels and restaurants, 14 in electricity, gas, and clean water, 4 in food crops, 4 mining and quarrying, and finally in construction and building as many as 2 projects.

As explained above, it can be explained that good investments made by the government, the public and the private sector are indeed recommended so that there is no hoarding of assets by not utilizing the assets owned into unproductive activity. Based on the investments realized in various types of business fields in Lampung Province with the aim of developing products and increasing state revenues to make society more productive, then Islam recommends investment activities but must remain in accordance with and in line with the Sharia.

CONCLUSION

The influence of the three independent variables namely Interest Rates, Inflation and Exchange Rates on Investment in Lampung Province partially by using the results of the T-Test analysis that Interest Rates do not affect Investment in Lampung Province, while Inflation affects Investment in Lampung Province and Exchange Rates Affect Investment in Lampung province. this is evidenced by the results of t-statistic calculations with t-tables, namely t tables of 1.098063 while t-statistics for the variable Interest Rates = (1.059), Inflation = (-3.216), Exchange Rates = (2.000).

The influence of interest rates, inflation, and exchange rates on investment in Lampung Province simultaneously affects the dependent variable ($F_{count} > F_{table}$). This is evidenced by the results that by using alpha 0.5%, the degrees of freedom in the numerator ($dfn = 2$ ($k-1 = 3-1$)) and the degrees of freedom in the denominator ($dfd = 116$ ($n-k = 120-4$)), then we get F table

of 2.68. From the regression results of the influence of Interest Rates, Inflation, and Exchange Rates on Investment in Lampung Province in 2007-2016, an F-statistic of 7,241 was obtained and an F-statistical probability value of 0.00.

In Islam, investment is allowed and even recommended to avoid assets that are not used productively. If the main goal is to be happy in the world and the hereafter, then Islam does not prohibit all kinds of investments but must be in accordance with Islamic principles and sharia. To stimulate the economy, this investment will directly impact the development of economic development, because it can create new jobs, increase the wheels of the economy and affect the development of related businesses from upstream to downstream.

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