

The Importance of Investment in Developing Regional Competitiveness and Its Contribution Toward Sustainable Development

¹Alamsyah, ²Nursini, ³Sabir, ⁴Sultan Suhab

¹Postgraduate Student at Doctor of Philosophy in Economics Program, University of Hasanuddin

^{2,3,4}Economic and Business Department, University of Hasanuddin

*Corresponding author. Email: alamsyahagit@gmail.com

ABSTRACT

Investment defined as an asset acquired and invested which serve the purpose to build wealth from saving or any form of that obtain through work, investment not only defined in small scale as a component of individual economic activity, but also for economic in general, in term of regional, investment can be a power to enhance life quality, in which investment can be used to build infrastructure, enhance education quality, and provide health facility to enhance overall health quality. When all this function has been done successfully, the positive effect will be reflected in regional competitiveness, with the prime health and education, it will result in productive and innovative human resources, which can provide contribution toward economic development, further sufficient and effective investment will contribute toward sustainable development especially in the context of education and health. This paper will explore the interconnection between investment and regional competitiveness, and visualize its contribution toward sustainable development, by using relevant empirical research and studies to support to explore the topic of this paper, which then also be used to support and to highlight the finding of this paper, the finding will also use to select the best approach that can be used to develop and enhance regional competitiveness in the future.

Keywords: *Investment, Competitiveness, Sustainable Development*

INTRODUCTION

Talking about sustainable development, we imagine seventeen goals that interconnect environmental, social, and economic aspects by centering sustainability of each aspect. Sustainable development considers today's needs from all these aspects, but it also pays attention not to alter all the resources that next generation would need. Sustainable development is also interpreted as a dynamic optimization that ensures optimal consumption which considers this aspect in the long run, including future generation's needs. To achieve optimal performance toward all the sustainable development indicators, it involves many aspects, namely the most important one is human resources, and policy. The government role is crucially important toward most of the sustainable development seventeen goals (Swain & Wallentin, 2020).

The interconnection between sustainable development and human resources is very important, due to the concept that sustainable development addresses humanity's expectations of a better life. However, to achieve what so-called “better life”, aspects such as economic development, social development, and environmental development are important components that play an important role in reinforcing sustainable development. These developments have its own role in sustainable development, when it comes to social development, issues such as poverty and population well-being are important, further, social development impact the quality of human resources, since it include the education quality. Talking about economic development, aspects such as entrepreneurship, innovation, knowledge, and digital economy is mainly its output. Lastly, environmental development introduces many innovations that play an important role in reducing exploitation of natural

resources, such as renewable energy, and green solution toward production needs (Fonseca et.al, 2020).

When it comes to sustainable development, there is a lot factors that could affect it achievement, there are need for financing for economic sectors, and to ensure that on-going development, investment in various sectors, often used to build or finance the important sector that are crucial to human life quality, from this point, the connection between sustainable development and investment gone through several aspect that indirectly contribute toward one another. Investment define to be a form sacrificial act using on wealth or resources, to ensure and obtain advantage in the future, the country capabilities in development aren't small aspect, which explain that country will also need connection with other countries and trade resources to improve, investment is one of it, if investment flow in one country are high, the country will able to accelerate economic development through factors such as innovation, human resources quality, and management, which this factors is also crucial in developing competitiveness (Romanko et.al, 2019).

In terms of competitiveness, it is defined as the ability to produce goods and services that meet external satisfaction while maintaining internal high income and needs. The concept of competitiveness, implement the establishment of sustainable development component, which competitiveness expect to provide high standards living, high employment on sustainable basis, including business, and other life quality aspects (Vega et.al, 2019).

The purpose of this paper is to explore how important investment in economic activities, which also including its capabilities to develop regional competitiveness, and analysis its contribution toward sustainable development, in its process, this paper will explain the connections between investment and regional competitiveness, so do sustainable development.

LITERATURE REVIEW

This paper serves the purpose to explore the importance of investment toward regional competitiveness, and how both investment and competitiveness have strong relation, and impact sustainable development, therefore this section will explain investment, regional competitiveness, and its relation toward sustainable development, and reflecting on empirical evidence which are relevant to this paper.

A. Investment

Investment is an important factor in economic activities, investment has a crucial role in many aspects, such as education, development, and policy. The importance of investment, explain the nation effort to build investment attractiveness through many aspects like business climate and policy stability, investment attractiveness will impact the competitiveness of a nation conditions especially in industries 4.0 era, which require sufficient investment in educational sector to ensure human resources quality (Savelyeva et.al, 2019).

Investment also explains the prospect of nation economic activities, since investment allow more specialization diversity of industry, enhance export potential, build territorial remoteness and development of transport, improve intellectual and innovation, and further achieve regional development in various aspects (Bagautdinova et.al, 2014). Further, investment have wider range of effect toward country, this effect namely, promoting development of new methods in production, improve economy in general, provide employment opportunities, allowing technology transfer, and strengthen the capabilities of domestic competition between local firms and multinational corporations (Ayamba et.al, 2020).

These empirical studies, mark the importance of investment, in terms of competitiveness, investment allow and establish capabilities to achieve competitiveness. In terms of sustainable development, the amount of investing activities allows many aspects that lead to sustainable development, such as the improvement of education quality, health sector and many other aspects supporting sustainable development.

B. Regional Competitiveness

Regional competitiveness focuses on the concept of country or location to create welfare, dividing the microeconomic and macroeconomic aspects, microeconomic aspect illustrates the ability of firm to successfully compete in the market, while macroeconomic aspect illustrates an environment that have the capability to enable firms and companies to successfully compete. But mainly the concept of regional competitiveness is the capacity of a regional area to sustain or improve living standards while attracting and retaining businesses with a growing share of a particular market. In this process it identifies that education, innovation, and high institutional quality as the solid driver for regional competitiveness (Catalan, 2021).

There are many aspects to achieve sustainable development, one of which link regional competitiveness and sustainable development, in its concept, in order to achieve sustainable development, The growth of the economy must be balance and inclusive. Investment in human resource development, the construction of modern business, transportation, telecommunications, health, and security infrastructure, and the making of rural areas sustainable are all necessary in order to maximize the potential of different regions, cities, and municipalities and to lessen regional disparities (Nikolic et.al, 2016).

Explained in the empirical evidence, that when striving for sustainable development, there are few factors that detain its process, factors like a lack of economic activity, industrial production, privatization process, reliance on imports rather than exports, reliance on aid and remittances, a lack of foreign direct investment, a lag in private investment, widespread corruption, a lack of rule of law, the presence of organized crime, the threat of escalating emigration processes, a lack of favorable employment conditions for young people, and a less-than-ideal situation in terms of social infrastructure, can be the various factors that detain sustainable development process. Through all those examples, it can be seen that most of it, are related to regional competitiveness driver, which is education, innovation, and high institutional quality (Rikalovic et.al, 2020).

C. Methodology

This paper is qualitative research, and its structure takes the form of a conceptual paper. Initially, the purpose of the paper was to investigate the significance of investment in relation to regional competitiveness, as well as how both factors contribute to sustainable development. To accomplish this goal, the paper will investigate each topic using empirical evidence. This paper will undertake deductive reasoning utilizing empirical research and facts to point out how important investment is toward regional competitiveness and sustainable development.

D. Result and Discussion

Investment plays important role in many sectors, the importance of investment made possible the development of important elements in economic activities, this includes, education quality, which leads to creative economy, and innovation which originates from the combination of knowledge and experience, innovation also an important component to

regional competitiveness, because firm and company capabilities to compete made possible by innovation in economic activities. From this point, sustainable development is also impacted by investment, since through investment, many developments and policies can be formed to achieve high quality of life.

INVESTMENT AND REGIONAL COMPETITIVENESS

Investment and Regional competitiveness have an important role in economic development, let alone sustainable development, investment have the capabilities to facilitate development in various sectors, such as education and health sector which both contribute to human index development, that plays important role in forming regional competitiveness, empirical evidence align with this statement, stating that innovation are built by one of the most solid drivers that related to competitiveness, which is investment in research and development, so do education, this three main component will contribute to regional competitiveness in form of innovation (Nosova & Nosova, 2021). As one of the main drivers for competitiveness, investment in innovation, allow human resources to build network, allowing them to engage in technological transfer, that will lead to starting point in becoming facilitator of economies and produce larger return on investment, which can be used to develop other important aspect supporting regional competitiveness (Gibson & Naquin, 2011).

Since competitiveness concept are centered on how the current resources are maximize to accommodate today needs and not compromising next-generation needs, the efficiency of resources is one of the regional competitiveness main objectives, which this are made possible by investing in new technologies, made possible many new production methods and reduce exploitation of natural resources, at the same time, the production process using these invested technologies will made attractive product design to ensure product competitiveness (Santos et.al, 2022). Regional competitiveness highlights its function and capabilities to support economic growth, and increase quality of life, one of which has set of factors, policies, and institutions that determine productivity capabilities. To achieve high productivity, it's important to invest in economic related sectors, such as education, health, technology, infrastructure, and many other (Kusumastuti & Alhempri, 2020).

It cannot be denied that investment is important in supporting economic growth of a nation, investment function as external sources of financial aid to development project and to increase economic productivity, through this, it's important to pay attention to its main engine, which is human capital and institutional quality, which using investment, can be increased by developing health and basic education to form high quality human resources (Raeskyesa & Suryandaru, 2020). Finally, to point the importance of investment toward regional competitiveness, the reflection on how investment contribute toward economic activities in general, namely important aspect such as capital accumulation, human capital development, technology transfer, innovation, management strategies, and many other aspects. Explain the urgency of investment in economic activities (Velazquez et.al, 2021).

INVESTMENT CONTRIBUTION TOWARD SUSTAINABLE DEVELOPMENT

Sustainable development goals include aspect that support life quality development, therefore, sustainable development focuses on various sectors that would contribute toward its goal, investing in SDGs sector such as infrastructure, telecommunication, food and agriculture, health, education, and technology, when investment toward this sector are done correctly, it will ensure an impact toward sustainable development, it's been a challenge to

mobilize funds, channeling investment, maximizing positive impact and regulatory dilemmas in promoting SDGs investment. Given starting point of important investment toward sustainable development, requiring the effort of both private and public sector to accurately investing their resources (Zhan & Santos-Paulino, 2021). One of the most important drivers of new methods, technology, and invention, is innovation, the cumulative technology and R&D department, contribute toward innovation in many sectors, which will lead to new technologies, renewable energy, more resources efficient production, and many other aspects that support the sustainable development (Pang et.al, 2021).

To create basic achievements toward sustainable development, country needs to ensure investment attractiveness, this are due to the external investment would function as source of financial support to nation development program, to create stable investment climate, the need for implementation of appropriate investment policy, that are balanced, and consistent are able to stimulate investment income (Ustymenko & Zeldina, 2019). Empirical studies stated that nations would be able to achieve sustainable development by socio-economic development and political transformation, which are made possible by investment (Iheanachor & Ozegbe, 2021).

In the process of achieving sustainable development, there are several challenges, that will show along the way, the fundamental role of public sector in mobilizing capital investment to support the SDGs project, private sector also share the same role to attract foreign direct investment and act as fundamental source of external finance (Aust et.al, 2019). Sustainable development relies heavily on FDI, which is a persistent requirement from both domestic and international viewpoints. Therefore, large levels of FDI indicate expansion, productivity, competitiveness, and long-term sustainability. Countries that pursue an integration strategy oriented toward foreign direct investment (FDI) should make sustainable industrial growth a top priority. The primary focus of this approach is long-term viability, and it is designed to work in tandem with other goals such as improving the industry's environmental performance and adding jobs (Senturk & Kuyun, 2021).

Global Competitiveness Index (GCI) explains that sustainable development requires high quality of life level and productivity, which can activate by operational efficiency of production, which raises the rate of return on investments in the long run since it raises people's incomes and thus their standard of living. This also made possible the infinite loop of investment contributions toward sustainable development, due to the high volume of income that can be invested (Alshubiri, 2020). The role of private sector in the process of achieving sustainable development are no longer passive player, instead they played important role to ensure that investment used efficiently toward development project and programs, private investment, however, have two impacts toward transnational, and domestic governance. First, the increasing reliance on financial markets as a source of funding for collective public goods and services raises questions about the extent to which regulatory oversight of this quasi-public function will be transferred from states to private players. Second, the emergence of financial markets as primary sources for financing sustainable development is resulting in the deployment of private regulatory regimes to govern both the social and environmental externalities of transnational economic activity and the long-term viability of financial flows and funding for public goods and services (Tan, 2022).

Based on empirical evidence, it points the importance of investment as component in enhancing sustainable development, other than as financial sources, sustainable development itself, could play important role in enhancing income volume by providing employment opportunities, that will increase the intensity of investment in the long-run.

REGIONAL COMPETITIVENESS CONTRIBUTION TOWARD SUSTAINABLE DEVELOPMENT

Competitiveness showed how capable an area to compete under open market conditions, while maintaining the need of the population, this achievement, require the contribution of many sectors especially in education and innovation, when country achieve high competitiveness, the sector will contribute toward sustainable development, by providing high quality of life through education, health, and public service. Therefore, the role of competitiveness in contributing to sustainable development is important in many aspects.

There are three factors that contribute to a region's competitiveness which is the availability and use efficiency of the territory's resources, the level of living of the region's population, and the attractiveness and activity of the region to investors. This points out how competitiveness going in the direction of sustainable development, focusing on quality of life, and resources efficiency, other than these, it also reflects the importance of investment role in competitiveness establishment (Mashokhida et.al, 2018). Empirical research explains that in the process of achieving sustainable development, there are few drivers which is increased employment in high-tech industries (high-tech manufacturing and knowledge-intensive high-tech services), R&D spending as a percentage of GDP, the number of people working in R&D, and the percentage of the population with a college degree. A proportion of the total population engaged in scientific and technology-related occupations (Rajnoha & Lesnikova, 2022).

Sustainable development direction is to ensure high quality of life, these primary objectives could be achieved with high quality human resources. As a result of the presence of human and social capital, new economic institutions will be fostered; in turn, these institutions will boost the competitiveness of productive entrepreneurship, leading to robust and long-lasting regional economic growth. Economic growth that is high in quality, fundamentally sustainable, and effective at reducing development issues like unemployment, poverty, and income inequality requires a foundation of human capital, social capital, institutional strength, and entrepreneurial initiative, according to the policy implication (Prasetyo & Kistani, 2020). Strategies to achieve sustainable development, point out the importance of competitiveness, of human capital, not only in term of existing human capital, but also in general, its stated that only by the introduction of novel technology remedies, governmental oversight, or the employment of monetary tools, is not enough to achieve sustainable development, there must be a shift in our mentality and behavior. Achieving this transformation calls for high-caliber teaching and learning in every setting. Education geared toward sustainable development aims to broaden participation in and completion of formal education from kindergarten through college, preparing students for the challenges of the present and the challenges of the future (Krstic et.al, 2020).

The connection between human capital and competitiveness lead to sustainable development, in many empirical studies, human intellectual will align in the concept of ensuring society present need and doesn't contradict or altered the need of future generations, therefore innovation and creativity with the assistance of technology are meant to build resources friendly product that reduce potential exploitation of natural resources, by building high quality human resources, capable of generating innovative ideas to ensure competitiveness and at the same time aim for the sustainability (Januskaite & Uziene, 2018). Through education as part of important investment in human capital, human capital will serve as intense source of economic growth, these are since performance and sustainable growth of company are related to human capital. Further, human capital serves as structural capital,

and intellectual capital, which intellectual capital involves in most factors that influence competitiveness, and more importantly lead to sustainable development (Hitka et.al, 2019).

To shape sustainable development, not only strengthening the private sector, but also public sector, since the concept of sustainable development centered on life quality, public services become one of its aspect, empirical evidence stated that local governments and authorities are responsible for providing the SDG (Sustainable Development Goals) public services of water, sanitation, health, education, planning, waste management, and transportation, which all of this component are crucial to improve and better the quality of life, these aspects have also taken important part in the process of achieving competitiveness, such as education for innovation, and health for productivity, and transportation for distribution process (Grigorescu et.al, 2019). Sustainable development in the three domains of the environment, economy, and society are often referred to as the "pillars of sustainability" since they form the basis upon which sustainability rests. When it comes to the environment, sustainable development implies making sure natural resources are not used up faster than they can be replaced (through natural or technological means). To keep the economy growing in a sustainable way, it is important to keep markets functioning well so that money may be invested in things like infrastructure. Consumption items and long-lasting assets like infrastructure systems both fall under the category of capital assets. Finally, improving and preserving people's quality of life (QOL) is an essential part of socially sustainable development (Fischer & Amekudzi, 2011).

Reflecting from empirical evidence and studies, it indicates that human capital play important role in competitiveness, and further sustainable development, these are made possible since human capital serve as the sources of knowledge and innovation, through new knowledge and innovation, it's possible to contribute toward renewable energy and resources friendly method in production, nowadays so called green and blue economy, further with the assistance of technology, exploitation are reduce through invention of alternatives for rare resources to create yet similar items with the same quality. Aligning the interconnection between competitiveness and sustainable development assisted by investment.

CONCLUSION

After performing this research, there are several findings of this paper that explain the importance of investment toward regional competitiveness and sustainable development. Through empirical evidence and studies this paper finds that investment support competitiveness and sustainable development through investment in sector like education and health, which will provide a path to innovation generation and higher productivity. Regional competitiveness interconnection with the sustainable development are illustrated in its purpose, while competitiveness build and strengthen the capability to compete in the open market while providing the need for the population on that area, sustainable development goes for quality of life, which through process of competitiveness is attainable, since by enhancing competitiveness, employment opportunities will increase, education is better, health services support optimal health, and many other factors that lead to excellent quality of life.

This paper is a conceptual paper, serve the purpose to explore the importance of investment toward regional competitiveness, and how it contributes toward sustainable development, due to this, this paper relies a lot on empirical evidence and studies, as a word

of advice for the next research, it is recommended to test the concept of this paper through statistical approaches to have forecast worthy information.

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