

The Impact of Investment, Inflation and Productive Zakat on the Welfare of People in Medan

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Abstract

This study aims to analyze the impact of Investment, Inflation, and Productive Zakat on the Welfare of the Community in Medan City. The research employed a quantitative method using Ordinary Least Squares (OLS) regression. Secondary data from BPS, BAZNAZ National, and PNM Medan for the period 2018-2023 were utilized. Data analysis involved multiple linear regression models supported by classic assumption tests, conducted using Eviews version 12. The results indicate that investment and productive zakat have a positive and significant influence on the welfare of the community in Medan City from 2018 to 2023. However, inflation negatively and significantly affects community welfare during the same period. Future research should consider integrating other economic factors such as per capita income, income distribution, and social inequality.

Keywords: investment, inflation, productive zakat, community welfare.

Received: 7 May 2024

Revised: 25 July 2024

Accepted: 9 Agustus 2024

1. Introduction

One measure of the real development performance of a country is seen from the level of well-being of its people. Well-being is the barometer for determining how well a nation's citizens are. Well-being is a transformational process that, through progress, can help society to live in society or vice versa. A higher standard of living in a society will show how well-being grows and improves. Quality and quality of life are indicators of society's well-being. (Hamdani & Mayshelly, 2023) The ability of a society to meet its basic needs and raise the per capita income standard is a good indicator of its well-being. (Fadhillah & Marilyah, 2022). In addition, the problem of poverty has many facets and complexities so that it is closely related to various aspects of life, both social, economic, cultural, and other aspects that affect the ability of people to live a life. According to (Basofi, 2017) one of the indicators of a society's well-being is per capita income, because higher income rates allow individuals to live comfortably. But in fact, in Medan City, the per capita income is lower than the income rate, so the inhabitants of Medan City have to make more money to live comfortably. Many people still don't have enough food and supplies in their lives. In addition, many communities in the field are still unemployed due to a lack of employment options, thus impeding the ability of the city's residents to well-being. According to Wihardjo in the study affirms that there is a positive relationship between international investment and the well-being of Indonesian people. Therefore, investments have a positive impact by creating jobs and money for those who were previously unemployed. One of the components of the Human Development Index is that people's purchasing power will rise as income increases. (Imsar et al., 2023). Data on total realization of foreign capital funds in the fields of agriculture, forestry, fishing, mining, industry, construction, hospitality, transportation/services, housing, and offices will be used in this research to measure investment. Harrod-Domar's theory states that investment activities have two important functions simultaneously affecting the economy of a country and social progress. First, there is a positive correlation between national income and investment. (Kambono & Marpaung, 2020). Therefore, the investment process increases as the amount of investment is made and the wealth generated by the country must become simpler. Second, through increased capital stocks, investments can boost the production potential of the economy. The development of this money is supposed to be an investment that will increase the demand for needs in society as a whole. Both of these points show that investment affects both

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supply and demand. But in reality, fluctuating inflation has made investors reluctant to invest in Medan. Because decisions about consumption, investment, and production may become more difficult due to inflation (Br Hasibuan et al., 2023). According to (Simanungkalit, 2020) zakat is as an essential condition for inflation is an important indicator of long-term and sustainable economic progress, which ultimately raises the standard of living of the people. Since social well-being and economic conditions are negatively affected by high and unstable inflation, inflation variations need to be regulated. Productive margins can have an impact on the well-being of the people other than inflation. This is evident from the function of the zakat that not only helps its recipients in meeting their basic needs but also gives them the opportunity to develop their company by becoming financially independent. According to effective Zakat can boost local economic expansion, new job creation, and improved environmental well-being. The management and distribution of productive zakat money that has long-term implications for the impossible is called productive Zakat is a type of zakat that is usually emphasized to reduce poverty. The productive proceeds of this fund are given to Mustahik as an initial fund to undertake business and economic activities, namely by improving the standard of living and productivity capacity impossible, thus helping to reduce poverty. The problem facing the Kent City government is basically the same as the problem faced by the federal government: social welfare disparities. The information below relates to the productivity of the city, inflation, investment, and the community welfare of Medan.

2. Literature Review

2.1. Well-being

Well-being is a state in which everyone or a community has a high standard of living, demonstrated by the availability of needs such as food, shelter, health services, education, and security. According to (Rachmawati, 2019) one can live a dignified and prosperous life by meeting his physical, emotional, social, and economic needs. It's known as well-being. One way to measure how well a society is is by looking at its well-being. (Maulani & Riani, 2021). Social well-being was defined by Todaro and Smith (2006) as an indicator of such results. Community development must first of all increase capacity and provide needs such as food, shelter, health services, and security so that we can have a better life on an equal footing. Next, we must raise the standard of living, the level of income, improve education, and pay more attention to human and cultural values. of the framework of material, spiritual, and traditional economic thinking, as well as of the standard of such well-being. Todaro and Smith (2004), have shown how focusing on three fundamental areas can help social well-being at the material, earthly, and spiritual levels. These areas are: Basic requirements include shelter, food, board, and health, and protection, Living standards, which include improved living standards, incomes, and education, Improving the profile of the economy of the community and the state, that is, through employment opportunities arising from improved social conditions to improve family well-being (Telaumbanua & Ziliwu, 2022). Sukirno stated that in order to a peaceful life, it is essential for every human being to develop his potential and abilities. Consumption is only one part of well-being. Per capita income is an indicator that measures the level of social well-being achieved by everyone in a country or region over a certain period of time. Factors affecting per capita income include (Priyono & Candra, 2016) investment, education and skill levels, health, inflation, and income distribution. One way to calculate per capita income is to divide GDP, or gross national product, by the total population of a particular country.

$$\text{Per capita income} = \text{GDP} / \text{Total Population Investment}$$

2.2. Investment

An investment is an investment of capital or money in the hope of generating future profits or increases in value (Sari et al., 2019). According to Abdul Halim (2015), an investment is a capital invested in one or more assets to anticipate future financial gains. Typically, investments have a longtime frame. Mobilization of funds or resources for the purpose of generating additional or secured profits (Pasaribu et al., 2022). According to Harianto and Sudomo (2001), an investment is the process of allocating money on one or more assets for a specified period of time in the hope of earning income or increasing the value of an investment. According to Suparmoko (2002), an increase in the amount of government spending relative to national income shows the role of government in a country. (Puspa et al., 2022). One of the instruments to accelerate the progress of developing countries is investment. It describes why one of the important components in boosting a country's economic growth is investment and improving the well-being of its citizens. (Rahmadhana, Rahma, & Tambunan, 2022). There are various factors that may influence the size of the investment some of which are as follows:

a. Innovation and Technology.

- b. Economic level
- c. Accounting ratio to Business.
- d. Political

Situation and investments are something that affects the country because with investments we can do the same with overseas. Besides, investments also influence the growth of the economy and the country's income. With investment can improve the well-being of the people because of the creation of more and more jobs, higher wages so that it can meet the basic needs of the society so that the society becomes prosperous (Nurbaiti et al., 2023). Investment according can be seen as one of the key components in determining economic growth, which ultimately affects the well-being of the people. Here's the basic formula for the GDP contribution of investment.

$$Y = C + I + G + (X - M)$$

2.3. Inflation

Inflation is an indication of a widespread and long-term rise in commodity prices, according to Rahardja and Manurung. According to Sukirno (2004), inflation is the term used to describe the rise in the price of goods and services caused by consumer demand exceeding market supply. In other words, spending too much money on such an effort is futile. According to Taquuddin bin Al-Maqrizi (1364-1441) in his study (Mahendra et al., 2022) he felt that the cause of inflation was because prices tended to rise all the time. Inflation occurs when there is a shortage of supply of goods and services, forcing consumers to pay more for the same commodities and services. Government policies are often aimed at lowering inflation because inflation is a macroeconomic variable that potentially affects the economy as a whole. Because government efforts to keep inflation controlled so that it is not too high and rising, high inflation will usually cause economic growth to slow down. Rising prices will also affect people's purchasing power, increase production costs, hinder investment, and possibly increase unemployment because entrepreneurs find it difficult to cover production costs and wages. Both have a negative impact on economic performance and have a positive impact on society's well-being. (Liadi et al., 2022). Classifies inflation into several categories based on its causes:

- a. demand-attracting inflation is when prices rise in response to the increase in demand during the period of full employment in the production sector.
- b. inflation cost push is when the price rises as a result of an increase in the cost of production, which consequently decreases the volume of products and services produced. (Simanungkalit, 2020). There are negative effects of inflation, such as inflation and the well-being of society, its impact on individuals or societies, a decrease in real income for those with fixed income, a decline in real wages for those who have fixed incomes, and a decreased value of wealth in the form of money. The real value of financial savings, like cash, deposits in banks, and financial institutions, will fall if there is inflation. Inflation is generally calculated using the Consumer Price Index (CPI). Here are some commonly used formulas for calculating inflation as follows: (Priyono & Candra, 2016).

$$\text{inflation} = \frac{\text{CPI years - loading} - \text{CPI previous years}}{\text{CPI previous years}} \times 100\%$$

2.4. Productive Zakat

The Arabic word “zakat” which means “clean, holy, clean, and prosperous”, is the origin of the word. Instead, every man's money is a trust from God and for common needs according to the Qur'an and Sunnah. It's known as zakat. (Rasyid et al., 2021). “Take some of their wealth, and use it to serve, to purify, and to sanctify them. Surely your prayers have given them comfort and peace. The zakat is cut off from the wealth of a person and donated to sanctify and purify their wealth and soul. The prayer extended by the leader for the person who pays the zakat gives peace of mind and shows the harmonious relationship between the leader and the society. Allah is All-hearing, All-knowing and All-rewarding. Thus, zakat can help the economic well-being of the people and strengthen social ties in the society. One of the principles of Islam, zakat is associated with the duty of prayer. It is an obligation of the people of Islam to comply with the law. A rich man is bound to pay a zakat if he has fulfilled his duty within one year. (Anjelina et al., 2020). Productive wealth is when it is impossible (the recipient of wealth) to obtain wealth in the form of capital aid or manufacturing equipment for use in his or her business or other profitable enterprise. Zakat productive aims to enable the impossible to improve their well-being sustainably, rather than just relying on aid.

Productive zakat recipients are expected to develop their, raise their opinion, and eventually get out of poverty. Some examples of productive zakat are the provision of small business funds, agricultural equipment, labour, or skills development (Salam & Risnawati, 2019). Productive zakat management is an important effort in improving the well-being of the Muslims through the redistribution of income from the muzakki (zakater) to the impossible. (penerima zakat). Additional evidence for this comes from previous research carried out by (Wulandari, 2013) showing how the four main programs Smile Champion (education), Smile Self-Welfare (economic well-being), Healthy Smile (health), and Smile Sustainable (environment) at the City of Semarang Zakat House have been successfully used to succeed the zakat program. The analysis and survey of the location of the impossible business is a first step in the process of distributing profitable zakat. Furthermore, the progress of the enterprise is monitored to evaluate the effectiveness of the programme. Increased revenue and unlikely business management are signs of success. Zakat has the potential to be a significant economic resource for improving the well-being of the people as long as it is properly managed and integrated. As long as the basic needs are impossible to satisfy, the scheme for the provision of zakat for productive activities can be used to implement the idea of the zakat as a tool of well-being. The aim of some of the Zakat management institutions in Indonesia is to help the impossible become more socio-economically independent so that it can be a muzakki. They've done this by effectively implementing a profitable scheme of cash distribution with contemporary management.

3. Research Method and Materials

In this study, employing associative analysis is combined with quantitative methodology. A research model that uses available data to describe a relationship that can be measured numerically is known as quantitative research. Using eViews 12, a number of computational data processing techniques were employed in this research. In the process of analysis, it used a double linear regression analysis of data to test the impact of productive wealth, inflation, and investment on society's well-being. Secondary data from various sources of publication are available on the website <https://medankota.bps.go.id/>, National Zakat Publications Report can be accessed at <https://baznas.Go.id/report-zakat-national>, City Capital Plantation Authority Field, research journals, and other sources employed in this research. Time row data from the second year of 2018 to 2023 is the data used.

4. Results and Discussion

4.1. Results

4.1.1. Multicollinearity test

Table 1. Multicollinearity Test Results

Variance Inflation Factors
 Date: 06/11/24 Time: 17:21
 Sample: 2018 - 2023
 Included observations: 10

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	5.84×10^{-5}	19.89191	NA
INVESTMENT	1.97×10^{-5}	9.780915	1.561545
INFLATION	3.44×10^{-5}	4.900234	3.173336
PRODUCTIVE ZAKAT	2.08×10^{-5}	12.04995	3.621810

Based on table 1, The VIF column in the middle describes this on the basis of the findings of the multicollinearity test. On the investment (X1) has a VIF value of 1.561545, the inflation (X2) has the value of VIF of 3.173336, and on the productive zakat (X3) has the VIF worth of 3621810. From these results it can be concluded that the values on the variables X1, X2, and X3 obtain <10 which means in this study there is no multicollinearity.

4.1.2. Autocorrelation test

Based on table 2, the regression model has a high correlation rate (R-squared = 0.960738) and overall significance (Prob (F-statistic) = 0.000130), seen from the findings above. Furthermore, the Durbin-Watson stat coefficient (2.823221) is used to test autocorrelation on residues. A durbin-watson value close to 2 indicates that autocorrelation

is not positive or negative. Then, based on the results of the autocorrelation test, it can be found that the regression model does not have a visible auto-correlation performed.

Table 2. Autocorrelation test result
 Dependent Variable: welfare people
 Method: Least Squares
 Date: 06/11/24 Time: 17:19
 Sample: 2018 2023
 Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.289561	0.007645	37.87621	0.0000
Investment	0.015591	0.004435	3.515250	0.0126
Inflation	-0.014440	0.005866	-2.461672	0.0490
Productive income	0.012081	0.004565	2.646335	0.0382
R-squared	0.960738	Mean dependent var		0.291000
Adjusted R-squared	0.941107	S.D. dependent var		0.022336
S.E. of regression	0.005420	Akaike info criterion		-7.308102
Sum squared resid	0.000176	Schwarz criterion		-7.187068
Log likelihood	40.54051	Hannan-Quinn criter.		-7.440876
F-statistic	48.93950	Durbin-Watson stat		2.823221
Prob(F-statistic)	0.000130			

4.2. Double Liner Regression Test

Table 3. Double Liner Regression Test Result
 Dependent Variable: welfare people
 Method: Least Squares
 Date: 06/11/24 Time: 17:19
 Sample: 2018 2023
 Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.289561	0.007645	37.87621	0.0000
Investment	0.015591	0.004435	3.515250	0.0126
Inflation	-0.014440	0.005866	-2.461672	0.0490
Productive income	0.012081	0.004565	2.646335	0.0382
R-squared	0.960738	Mean dependent var		0.291000
Adjusted R-squared	0.941107	S.D. dependent var		0.022336
S.E. of regression	0.005420	Akaike info criterion		-7.308102
Sum squared resid	0.000176	Schwarz criterion		-7.187068
Log likelihood	40.54051	Hannan-Quinn criter.		-7.440876
F-statistic	48.93950	Durbin-Watson stat		2.823221
Prob(F-statistic)	0.000130			

Based on table 3, the regression coefficient in this study yields an R-Square value of 0.960738 as shown in the table 3. The double regression equation is formulated as follows:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$$

$$KM = 0.289561 + 0.015591 X_1 - 0.014440 X_2 + 0.012081 X_3 + e$$

where:

- Y = Well-being of the community
- X1 = Investment
- X2 = Inflations
- X3 = Productive income

It is appropriate considering the double linear regression equation above: The constant value (a) is 0.289561. Indicates the value of Community Welfare in a Field City when all independent variables (Investment, Inflation, Productive Income) have a value of zero. In this case, the constant is used in models or analyses to indicate the starting point or baseline of public well-being before considering the influence of other variables. With a coefficient of 0.01559 each increase in investment has increased public well-being by 1.55% in 2018-2023.

The coefficient for inflation (X2) is -0.014440. This indicates that an increase in inflation by one unit will result in a decrease of -1.44% in Public Well-Being, in the period 2018-2023. In this analysis, negative signs indicate that there is a negative relationship between the rate of inflation and public welfare in the City of Medan during that period. That is, as inflation rises, people's well-being tends to decline.

The coefficient for productive income is 0.012081. This indicates that each unit of increase in productivity income will experience an increase of 1.2% in public welfare, in the year 2018- 2023.

4.2.1. *Statistical t-test*

Table 4. T-Test result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.289561	0.007645	37.87621	0.0000
Investment	0.015591	0.004435	3.515250	0.0126
Inflation	-0.014440	0.005866	-2.461672	0.0490
Productive zakat	0.012081	0.004565	2.646335	0.0382

Based on table 4, it is appropriate considering the double linear regression equation:

- a. the constant value is 0.289561. Indicates the value of Community Welfare in a Field City when all independent variables (Investment, Inflation, Productive Income) have a value of zero. In this case, the constant (a) is used in models or analyses to indicate the starting point or baseline of public well-being before considering the influence of other variables. With a coefficient of 0.01559 each increase in investment has increased public well-being by 1.55% in 2018-2023.
- b. the coefficient for inflation (X2) is -0.014440 This indicates that an increase in inflation by one unit will result in a decrease of -1.44% in Public Well-Being, in the period 2018-2023. In this analysis, negative signs indicate that there is a negative relationship between the rate of inflation and public welfare in the City of Medan during that period. That is, as inflation rises, people's well-being tends to decline.
- c. the coefficient for productive income is 0.012081. This indicates that each unit of increase in productivity income will experience an increase of 1.2% in public welfare, in the year 2018- 2023.

4.2.2. *Statistical F-test*

Table 5. F test result

F-statistic	48.93950	Durbin-Watson Stat	2.83221
Prob (F-statistic)	0.000130		

Based on table 5, the results of the simultaneous significance test showing that the dependent variable (community welfare) in the regression model is significantly affected by the independent variables (investment, inflation, and productive wealth), with a significant value of $0,000130 < 0,05$ confirming H_a and H_0 accepting. Therefore, it can be concluded that in 2018-2023, the well-being of individuals will be simultaneously affected by investment, inflation, and productive wealth in the Field City.

4.3. *Discussion*

Impact of Investment on the Welfare of the Municipality of Fields in the Year 2018-2023 Research results showed investment probability (X1) of $0.0126 < 0.05$ based on the t test that measures the relationship between independent variables and probability variables. With a statistical t-value of 3,515250 it can be concluded that the investment has a major and beneficial impact on the well-being of the population in the City of Medan between 2018 and 2023 with

H_0 rejected and H_a accepted. It can be inferred that there is sufficient evidence to state that the investments have contributed positively to the improvement of the well-being of people in the Town of Medan in the period 2018-2023. Investment can affect the well-being of communities because it directly creates jobs and increases the income of individuals. Which can reduce unemployment and poverty and improve the availability of teaching, health, and infrastructure resources. Indirectly, investment also stimulates economic growth, drives innovation, and increases efficiency in key sectors, all of which together contribute to improving the quality of life of people. Field City. The results of this study are reinforced by the previous research hypothesis Ida Bagus Darsana and AA Gede Krisna Pratama (2019) showing the findings that investments have a beneficial and significant direct impact on the well-being of the people in Bali Province (Yulia et al., 2019). Thus, the researchers can conclude that the research can support findings in this study in which investment has a positive impact on certain aspects of the welfare of the society. In the Islamic economic perspective, investment plays an important role in improving well-being. Investment triggers the economic growth of a region. (Priyono & Candra, 2016). When a company or individual invests, jobs will be created so that income increases and more job opportunities are available. So sustained economic growth and investment directly affect the well-being of the people. Investments in the health, education and environment sectors can create a better environment for the community, such as supplementing existing facilities in hospitals, schools and other public facilities that can benefit the well-being of the community. In the Islamic economy, investments must be conducted in accordance with existing ethical principles and Shariah. (Jumita, 2021). Fair and ethical investment will bring wider benefits to society.

The impact of inflation on the well-being of the community of the field in the year 2018-2023 The determination of the influence between independent and dependent variables is based on the findings of the research revealed through the test t. Probability inflation (X_2) $0,0490 < 0,05$. With a statistical t-value of -2.461672 it is known that inflation has a considerable negative impact that is H_0 rejected on the welfare of the population in the field. 2018-2023. Inflation can't affect the well-being of people because it's caused by increasing the cost of living in general. Prices of goods and services are rising in response to rising inflation, which can reduce people's purchasing power. It affects the ability of individuals to buy commodities, access health services, and access to education. In addition, high inflation can also decrease the value of money significantly, making savings and investments less valuable. Therefore, uncontrolled inflation can undermine the well-being of people by undermining purchasing power and economic stability. The previous research hypothesis did not confirm the findings. Rahmadhana, Rahma, & Tambunan (2022) showed that between 2015 and 2019, inflation had a major and beneficial impact on Indonesian prosperity. Rather, the findings of this study are supported by the previous research theory conducted by (Sari et al., 2019) which showed the results that inflation had a significant and minor negative impact on the well-being of the Java people between 2006 and 2016.

In the perspective of the Islamic economy, inflation is supposed to have a complex impact on the well-being of the people. However, in this study, on the contrary, the following are some factors that explain why inflation did not significantly affect the welfare of the citizens of Medan during the period 2018-2023:

Purchase power, inflation leads to a decrease in the purchasing power of money; when the price of products and services rises, consumers must spend more money to buy the same thing. (Rahman & Putri, 2021). Thus, this can reduce the well-being of the people in the town of Medan as their income will be reduced.

Savings and investments, in this case inflation can reduce the value of savings and investment. The value of money held in the form of saving or investment will decrease as inflation increases.

Income distribution, inflation is not always equal in all layers of society, of some groups may be more affected than others. If inflation is higher than income growth, then the gap between rich and poor can be bigger.

Social justice, in Islamic economic principles always emphasizes what is called social justice. In this case, high inflation can be detrimental to the economically weaker sections of society. Therefore, uncontrolled inflation is contrary to the principle of justice for the well-being of the people.

The impact of productive income on the well-being of the community of the field in 2018-2023

Based on the influence between independent and dependent variables based on the findings of research revealed through the t test. The productive zakat probability (X_3) is $0.0382 < 0.05$ which means H_a accepted and H_0 rejected. The statistical t-value of $2,646335$ increasingly supports the conclusion, suggesting that productive zakat has a significant and positive impact on the well-being of the City of Medan from 2018 to 2023. It can then be concluded that there are sufficient data to state that productivity zakat contributes positively to the increase in the social welfare of the city of Medan in the period 2018-2023. Productive wealth can affect the well-being of people because it

provides additional resources for inclusive and sustainable economic development. Effectively managed hedge funds can be used to finance social, education, health, and infrastructure development programmes. It not only improves the well-being of individuals who receive zakat, but also empowers them to become more economically independent. The results of this study are also supported by the findings of research conducted by which shows the results that Zakat that is significantly beneficial and beneficial has a good impact on the well-being of the underprivileged people in Sragen district. Similarly, the conclusion of this study shows that from 2018 to 2023, Zakat productive improved the quality of life of the citizens of Medan significantly. By giving Mustahik access to corporate funding, the program strengthens the local economy in addition to providing social assistance. Many zakat recipients are able to launch or develop their own micro-business in this way. Therefore, it not only increases their incomes but also contributes to job growth and lowers the unemployment rate in the city. In addition, by improving access to health services and education, productive wealth has contributed to improving the quality of life of the population. These courses offer the development of the skills needed to improve the management capabilities and efficiency of companies alongside their economic focus. Thus, productive talents not only help financially, but also provide a positive impetus in building sustainable economic integrity of communities.

Impact of Variables of Investment, Inflation, and Productive Income on the Welfare of the City of Medan in the Year 2018-2023 Based on the results of the F test, the study showed that the overall regression model is significant, with a statistical F-value of 48.93950, and a probability of $0.0000 < 0.05$ indicates that there is sufficient evidence to reject the zero (non-significant) hypothesis and accept alternative hypotheses (H_0 rejected and H_a accepted) that at least one independent variable has a significant and positive influence on the dependent variable. That is, the investment variable (X1) and the productive zakat variables (X3) have a major and unfavourable impact on the well-being of the people, but the inflation variabel (X2) has a major, unfavorable effect on the welfare of the community. There is no previous research that directly discusses investment, inflation and the simultaneous productive capacity for the well-being of the people. Thus, in order to improve the well-being of the community in the City of Medan, there are some practical steps that need to be implemented. First, investment management needs to be handled wisely so that it can have a positive impact on the economy, such as infrastructure development and job creation. Second, productive talent allocation must be optimized to provide effective support to those in need to start or develop micro and medium-sized enterprises. In addition, keeping inflation stable and controlled, low inflation helps keep people's purchasing power and provides price certainty for goods and services. Thus, responsive and sustainable economic policies need to be implemented to create a stable and inclusive economic environment in the City of Medan.

5. Conclusion

Study shows that between 2018 and 2023, investments significantly improve the well-being of the citizens of Medan City by creating jobs, increasing incomes, and increasing productivity. These results are in line with the Islamic economic concept that drives inclusive economic growth. However, inflation exacerbates social disparities, lowers purchasing power, and lowers savings and investment, all of which have a major adverse impact on well-being. Therefore, keeping inflation stable is crucial toining the purchasing power of society. Productive wealth also significantly boosts the economy by providing capital support, expanding access to health and education services, and improving employment and income levels by empowering the local economy.

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