

POLICY UNCERTAINTY AND ITS IMPACT ON INVESTMENT RISK IN SUSTAINABLE AGRIBUSINESS VENTURES

Muhamad Solekan

Universitas Jenderal Soedirman, Indonesia
Email: muhamad.solekan@unsoed.ac.id

Abstract

Policy uncertainty is one of the factors that significantly affects the investment climate in the agribusiness sector, especially in the context of sustainable development. This study aims to explore the relationship between policy uncertainty and investment risk in sustainable agribusiness efforts in Indonesia. Through a literature review method, this study analyzes various scientific sources and policy documents related to regulatory changes, regulatory inconsistencies, and political and economic uncertainty that impact investment decisions in the agribusiness sector. The results of the study indicate that policy uncertainty can increase financial and operational risks for investors, hinder capital flows, and reduce interest in long-term investment in environmentally friendly agribusiness systems. In addition, this uncertainty weakens legal certainty, increases transaction costs, and reduces market efficiency. This study recommends the importance of cross-sector policy harmonization, regulatory transparency, and legal certainty as a foundation for creating a stable agribusiness investment climate that supports sustainable development goals.

Keywords: policy uncertainty, investment risk, sustainable agribusiness

INTRODUCTION

The agribusiness sector plays a strategic role in the Indonesian economy, both as the main driver of the agricultural sector and as an important pillar in supporting national food security, job creation, and rural development (L. Li et al., 2023). In recent decades, efforts towards sustainable agribusiness have received increasing attention, along with increasing awareness of the importance of maintaining a balance between economic productivity, environmental sustainability, and social welfare. Sustainable agribusiness is expected to be a development model that is adaptive to climate change, efficient in resource utilization, and inclusive of small farmers and business actors throughout the supply chain. However, achieving this goal cannot be separated from a stable and conducive investment climate. Unfortunately, one of the main challenges in developing sustainable agribusiness in Indonesia is policy uncertainty which often becomes a serious obstacle in making