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Strengthening Investment Policy in Indonesia

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Abstract:
Domestic investment is always less competitive with the rapid flow of investment from foreign investment, so the foreign investment is considered an alternative in need of domestic development capital. The Indonesian government also provides equal opportunities for domestic investment to compete by issuing Law Number 25 of 2007 concerning investment as an instrument to attract investment. This regulation is expected to be a means to promote national interests, which will facilitate foreign capital in controlling production related to the livelihoods of many people and stimulate the economy of the Indonesian people. Although in its implementation, there are still various obstacles such as bureaucracy, regulations, and absorption of local workers.

Keywords: *Policy, foreign investment, domestic investment*

1. Introduction

As a democratic legal state, Indonesia's sovereignty that is trusted in the 1945 Constitution is the sovereignty of the people and the rule of law(Kaloh, 2002). This is stated in Article 1 paragraph (2), which reads: sovereignty is held by the people and implemented according to the Constitution, and paragraph (3), which reads: The State of Indonesia is a state of law. This is also stated in paragraph 4 of the 1945 Constitution, which reads, then the Indonesian National Independence was drawn up, formed in an arrangement of the Republic of Indonesia which was sovereign by the people. As a state of law, the state government administration is inseparable from the laws and regulations as positive law that applies in Indonesia (Hamidi & Kemilau, 2011). On that basis, the 1945 Constitution also mandates efforts to create people's welfare. The mandate is embodied in the life of the state, one of which is by carrying out national development, one of which is involving various parties to invest in the territory of Indonesia.

In Indonesia, investment activities are mainly regulated in Law Number 25 of 2007 concerning Investment. Fundamentally, a country’s production structure is the essential source of its economic performance(Constantine, 2017). The government views that investment activities need to be regulated in such a way as to build a clear legal basis and create legal certainty regarding investment activities. In-Law Number 23 of 2014 concerning Regional Government, investment is part of Mandatory Government Affairs which is not related to Basic Services.

They are related to efforts to encourage the community's economy and the private sector in the development of Regional Government Regions. Law No. 23 of 2014 concerning Regional Government in article 278 states that Regional Governments can provide incentives and facilities to the public and investors regulated in regional regulations by referring to the provisions of laws and regulations.

Social participation in the context of development can be translated as community involvement, especially those seen as inheritors of development in consultation or decision-making at all stages of the development cycle. In this case, social participation is placed outside the formal government institutions. Meanwhile, citizen participation is defined as a concern with various forms of citizen participation in policy-making and decision-making in various key areas that affect their lives(Gaventa & Valderama, 2001), including strengthening domestic investment and the community's business climate.

Local governments are given the authority related to the role of investment. In-Law Number 23 of 2014 concerning Regional Government, investment is part of Mandatory Government Affairs which is not related to Basic Services. Regional authorities related to investment are contained in the attachment of Law Number 23 of 2014 concerning Regional Government. However, so that this authority can be adapted to regional conditions and have a clear legal basis in the region, it is necessary to stipulate provisions on investment in the form of regional regulations.

The efficiency and effectiveness of regional government administration need to be improved by paying more attention to aspects of the relationship between the Central Government and regions and between regions, regional potentials, and diversity, as well as opportunities and challenges of global competition in the unity of the country's government administration system as stated in the preamble of the law. Law Number 23 of 2014 concerning Regional Government. Based on the above, it can be interpreted that with the implementation of local government, local governments should accelerate the realization of community welfare with efficient and practical principles, including by paying more attention to regional potential and diversity, as well as opportunities and challenges global competition. In order to create this welfare, the regions are given the authority to improve regional development by involving the participation of the community and the private sector in regional development. Article 278 paragraph (1) of Law Number 23 of 2014 concerning Regional Government states that Regional Government Operators involve the community and the private sector in regional development.

After issuing Law Number 11 of 2020 concerning CiptaKerja, it is expected to be a stimulus to increase labor absorption by encouraging investment and providing broad opportunities for strengthening Micro, Small, and Medium Enterprises (UMKM). Indonesia adopted the omnibus law to create investment legal instruments that could increase investment interest in Indonesia(Susilo & Efendi, 2021). Then in this latest law, simplification and trimming of regulations are carried out to increase the effectiveness of the bureaucracy.

2018	2019	2020
328 604,9	386 498,4	413 535,5

Table 1: Realization of Domestic Investment (Billion IDR)
(Milyar Rupiah)
Source : Central Bureau of Statistics (Indonesia), 2021

Proyek			Investasi		
2018	2019	2020	2018	2019	2020
21 972,0	30 354,0	56 726,0	29 307,9	28 208,8	28 666,3

Table 2: Foreign Investment Realization (Million US$), 2018-2020
Source : Central Bureau of Statistics (Indonesia), 2021

Indonesia's ranking in the World Bank's Logistics Performance Index (LPI) improved from 53 in 2014 to 46 in 2018 globally among 160 countries based on six different parameters. The position of Indonesia among the emerging markets is quite appreciable as it is ranked fourth in the 2020 Agility Emerging Markets Logistics Index(Zulfikar, 2018). The size of the Indonesian market (based on population) has increased by almost 26% during the 10-year period 2000 to 2019; and it is projected that the expected population will be 300 million by the year 2050. A larger population means a better domestic market that can consume goods and services provided by investors(Fernandez et al., 2020).

The Indonesian government recognizes that private investment, including foreign direct investment, is essential for modernization and sustainable economic growth(Wartini, 2015). Moreover, facing globalization and the free market is a challenge for Indonesia. Globalization is increasingly testing the ability of regional economies to adapt and maintain their competitiveness (Taube, 1997).

In addition, in the context that in order to bring services closer and improve services to the community and shorten the service process, including in terms of investment services, as well as in order to realize fast, easy, cheap, transparent, definite, and affordable services, the region is also mandated to implement a one-stop integrated service. They carried out to unify the service management process, including in terms of investment licensing.

1.1. Problem Statement

Based on the background description above, in this study, the research questions are: How is the practice of strengthening investment policy in Indonesia, and how is the potential for strengthening investment policy by Law number 27 of 2007 concerning Investment?

2. Literature Review

2.1. Investment

The economic theory defines investment as expenditures to buy capital goods and production equipment to replace and especially adding to capital goods in the economy that will be used to produce goods and services in the future. Investment often leads to changes in overall demand. It affects the business cycle, and investment leads to capital accumulation, increasing the country's potential output and developing long-term economic growth(Samuelson, 1994).

Investment is part of the implementation of the national economy and is placed to increase national economic growth, create jobs, encourage people's economic development(Hartini, 2009). Investment has a crucial role in driving and spurs the economic growth of a country or region. Almost all economists argue that investment is the driving force of every process of economic development because of its ability to drive other aspects of development such as sources of capital, sources of technology, expanding job opportunities, and others.

Investment can be defined as the expenditure or expenditure of investment or companies to buy production goods, to increase the ability to produce goods and services available in the economy from domestic Investment and Foreign Investment. Increased investment will encourage an increase in production volume, which will further increase productive employment opportunities so that it will increase per capita income while at the same time increasing people's welfare.

Investment is essentially the beginning of economic development activities. Investments can be made by the private sector, the government, or collaboration between the government and the private sector. Investment is a way that the government can do to increase economic growth and, in the long term, can raise the standard of living of its people(Mankiw, 2006).

Investment is a major component in moving the wheels of a country's economy. In theory, an increase in investment will encourage the volume of trade and production volume, which in turn will expand productive employment opportunities and means that it will increase per capita income while at the same time increasing people's welfare. The excitement of the investment climate in Indonesia has been guaranteed since the issuance of Law No. 1 of 1967 concerning Foreign Investment (PMA) and Law No. 6 of 1968 concerning Domestic Investment (PMDN). These two laws were then completed and refined, where Law no. 1 of 1967 concerning PMA was refined by Law no. 11 of 1970, and Law no. 6 of 1968 concerning PMDN was refined by Law no. 12 of 1970. Until now, Investment in Indonesia is regulated in Law Number 25 of 2007 concerning Investment. Several considerations underlie the issuance of Law No. 25 of 2007 concerning investment.

2.2. Domestic Investment (PMDN) and Foreign Investment (PMA)

Indonesia has investments run by the government, and the private sector owns some investments. Government investment comes from government savings and foreign aid(Ningsih& Hodijah, 2020). According to(Setianingsih & Widyastuti, 2020), domestic investment positively contributes to economic growth in the short and long term. Foreign investment in the short and long term has a positive contribution to economic growth in Indonesia.

Indonesia is one of the countries with a relatively large number of FDI restrictions compared to other ASEAN member countries, such as regulations, taxes, human resources, infrastructure, and others(Putri et al., 2018). A country cannot encounter international trade problems and investment problems individually; cooperation and integration in the region can overcome problems and strengthen positions in international trade relations(Zaidun& Rahmah, 2012). Indeed, we cannot deny that one form of international economic relations is a foreign investment which is increasingly essential for economic development and facilitating macroeconomic stabilization policies(Liutak & Baula, 2019).

In Article 1, paragraph 2 of Law No. 25 of 2007 concerning investment, it is stated that domestic investment is an investment activity to conduct business in the territory of the Republic of Indonesia carried out by domestic investors using domestic capital. While domestic capital itself in Article 1 paragraph 9 of Law Number 25 of 2007 concerning Investment, Domestic capital is capital owned by the Republic of Indonesia, individual Indonesian citizens, or business entities in the form of legal entities or not legal entities.

In Article 1 paragraph 3 of Law No. 25 of 2007 concerning investment, it is stated that foreign investment is an investment activity to carry out business in the territory of the Republic of Indonesia carried out by foreign investors, both those who use foreign capital wholly or in joint ventures with investors. Domestic capital. Meanwhile, domestic capital itself in Article 1 paragraph 8 of Law No. 25 of 2007 concerning Investment, Foreign capital is capital owned by foreign countries, individual foreign citizens, foreign business entities, foreign legal entities, and Indonesian legal entities, which a foreign party owns part or all of the capital.

3. Method

This research is qualitative. The methodology used in this article is library-based research using a normative approach and a statutory approach, namely studying and understanding laws and regulations and understanding the implications of politicizing general principles of good government in governance. The leading research used in this study is primary and secondary sources. Secondary data in the form of primary legal materials, secondary legal materials, and tertiary materials collected by researchers, then inventoried and classified based on document studies or adjusting to the problems discussed.

4. Result

4.1. Investment Policy Practice by Law Number 25 of 2007 Concerning Investment

4.1.1. Several Regulations Make It Difficult for Investors to Enter the Region

Indonesia also needs foreign investment to grow the national economy. Foreign investment requires stakeholders to create a comfortable investment climate for foreign investors (Sulistyowati, 2015). If you look at the policy of canceling regional regulations, which amount to 3,143 Regional Regulations carried out by the Ministry of Home Affairs at this time, there are important issues that form the basis for the cancellation of several regional regulations, among others, there are still many regional regulations that make it difficult for investors to enter the region.

Article 18 paragraph (6) of the 1945 Constitution states that regional governments have the right to stipulate regional regulations and other regulations to carry out regional autonomy and assistance tasks. In this regard, the national legal system gives attributive authority to regions to stipulate regional regulations and other regulations, and regional regulations are expected to support regional government programs synergistically.

The many problems that arise in the current regional regulations, especially in the investment sector, show that the understanding of regional autonomy is still wrong. Many of the problems referred to are related to regional taxes and levies, which cause investment activities to be unpredictable. If this problem continues, investment competitiveness will decline due to low investor interest in investing in the region. However, it is also necessary to convey that the enthusiasm for boosting investment activities in the regions should not be carried away by eliminating the spirit of regional autonomy itself. The impact of the 'complicated' administrative bureaucracy for foreign investment (PMA) and domestic investment (PMDN) is the decreasing level of incoming PMA and PMDN.

Compared to Vietnam, Indonesia is an agrarian nation where the FDI stock value has increased by 12.52%. In addition, FDI activities in Vietnam has an indirect impact on other business sectors(Zulfikar, 2018). China's economic expansion is one of the most spectacular cases of today's global economy. This East Asian country is increasingly integrated through foreign direct investments (FDI) and rising trade flows (Éltető, 2016).

Therefore, Law Number 25 of 2007 concerning investment as an instrument in regulating investment, both foreign and domestic, must be able to become a reference for a healthy and uncomplicated investment climate. Of course, this requires good coordination from the main level to the regional level. This can be seen in the provisions of Article 27 paragraph (1) of Law no. 25 of 2007, which states, '*The government coordinates investment policies, both among government agencies, between government agencies and Bank Indonesia, between government agencies and regional governments, as well as between regional governments*.' The coordination referred to here is also related to regional regulations formed by local governments so that synchronization occurs in their implementation.

The spirit of regional autonomy that provides space for regions to take care of their households in the context of investment must be in line with the policies issued by the central government and does not exclude the rights of the regions. Policies on investment should have a significant impact on improving welfare and development in the region.

With the spirit of increasing investment, all forms of related policies must, of course, continue to be coordinated between the central government and local governments. On the one hand, forms of licensing that can provide income for the region and have been considered 'obstacles' from incoming investment flows, on the other hand, need to be revised to simplify and expedite the bureaucratic process. With the birth of the work copyright law, simplifications are made to trim licenses to make doing business and investing more accessible.

4.1.2. Employment issues of Foreign Investment (PMA) and Domestic Investment (PMDN)

One of the goals of the Republic of Indonesia, as stated in the Preamble to the 1945 Constitution, the Fourth Alenia, states that the purpose of the Indonesian state is to protect all of Indonesia's bloodshed and promote public welfare that the state must protect every citizen. The state has to seek to improve the welfare of its people by opening the broadest possible employment opportunities.

In the context of Law Number 25 of 2007 concerning investment, the provisions in Chapter VI Article 10 paragraph (1) of Law Number 25 of 2007 concerning Investment clearly states that 'Investment companies in meeting the needs of workers must prioritize Indonesian citizens. 'This means that Indonesian citizens will receive priority scale from the growth and development of existing companies. The government's enthusiasm in increasing the flow of foreign investment into Indonesia must be directly proportional to the policies for placing Indonesian citizens in these companies. Of course, we do not want the Indonesian people to be spectators in their own country. This must also be in line with the current increase in human resources to compete with foreign workers. The era of Globalization and the ASEAN Economic Community (MEA) certainly requires workers who have good skills, language skills, and education to compete with foreign workers. For this reason, it is a part of the task that cannot be separated from the spirit of reforming regulations related to investment. Of course, we do not want the spirit of reforming the investment law solely to provide the most comprehensive possible space for foreign workers to work in Indonesia. The issue of employment in foreign companies in recent years has often been a hot topic for discussion. It should be formulated in such a way related to the policy on labor regulation in foreign companies, which is limited to having to prioritize Indonesian citizens and requires a comprehensive policy related to this so that Indonesian workers are not second-class workers. Foreign capital companies require their workers to have higher abilities and provide a more significant workload. Thus, it is appropriate for Indonesian workers working in foreign companies to be given a higher minimum wage than Indonesian workers working in local companies(Sulistyowati, 2015).

Generally, the social jealousy of indigenous workers with foreign workers is not a group sentiment but a problem of wage disparities. Perhaps what also needs to be updated is the restrictions on jobs that are allowed to employ foreign workers. This needs to be done considering the human resources of the Indonesian people, which may not be comparable to the quality of foreign workers. On the other hand, it is necessary to limit which jobs require Indonesian nationals' employment so that there is no need to employ foreign workers.

Based on the above, the revision of the investment law must be followed by a revision of the relevant legislation below it to become synchronous. Then in the future, with the spirit of increasing foreign investment entering Indonesia, it can provide welfare for the Indonesian people.

4.1.3. Legal Certainty

The issue of legal certainty and domestic political stability is one of the indicators in attracting investors to invest in Indonesia. Of course, the legal certainty in question starts from laws and regulations at the central level to laws and regulations at the regional level. Too many laws and regulations issued by local governments on autonomous rights create additional burdens for investors. The next problem is that many of the legal products issued by local governments conflict with policies made by the central government.

The objective function of law is to achieve order in human life in society. Through an order in social and state life, everyone will be able to live with certainty. Through certainty, everyone can carry out the activities needed in social life. Everyone can predict and calculate what will happen in the future and what can be expected. In the economic context, legal certainty becomes indispensable to ensure personal peace and certainty in doing business.

Economic progress has led to an intense tug of war between economic actors and the emergence of an imbalance between the desires of economic actors on the one hand and the needs of the community on the other. Therefore, law enforcement's position, function, and the role will become increasingly important (Hartono, 1988).

For foreign investors, laws and regulations are benchmarked to determine whether or not the investment climate in a country is conducive. Moreover, foreign investors always maintain their good name because foreign investors are vulnerable to losing their good name and brand reputation due to corrupt activities caught in international corruption scandals(Zhao et al., 2003). In the last three decades, business actors who invest in developing countries are very considerate of the legal conditions in these countries. Legal infrastructure for investors is an essential instrument in securing their investment. The law for them provides security, certainty, and predictability for their investment. According to (Juwana, 2008), the better the conditions, laws, and regulations that protect their investment, the more conducive the investment climate for the country and the country will be. From this understanding, legal politics includes the process of making and implementing laws that can indicate the nature and direction in which the law will be developed and enforced; the occurrence of changes in social structure, legal politics must lead to efforts to adjust to the new structure, because the law is not a static building but can change because its function is to serve the community.

In-Law no. 25 of 2007 concerning investment. In Article 3 paragraph (1) letter a, it is stated that investment activities are carried out based on the principle of legal certainty, which through this principle is required by the state to lay down laws and provisions of laws and regulations as the basis for every policy and action issued by the government. Particularly concerning investment.

In this context, the integration of legal arrangements related to the investment will certainly positively impact investors to invest in Indonesia. Overlapping arrangements related to the investment will have an impact on investors' reluctance to invest. In this context, it is also necessary to have a clear division of authority between the central government, provincial governments, and district/city governments.

In addition, consistency with the provisions of existing laws and regulations needs to be maintained for a sufficient time so as not to build up the perception that every regime change causes changes in laws and regulations so that the investment climate can be disrupted.

4.1.4. Improvement of Supporting Facilities and Infrastructure

In addition to legal certainty in investment, what is also important is the readiness of supporting facilities and infrastructure to make it easier for everyone to invest. The efficient and effective provision of risk capital is a prerequisite for economic development. Domestic financing could also be a debt from formal or informal sources, while foreign direct investment could also be a joint venture that is linked to domestic investors (Sunarwibowo, 2018).

One of the obstacles in encouraging a healthy investment climate, especially in the regions, is the readiness of facilities and infrastructure to support investment activities. Basic facilities and infrastructure such as water, electricity, roads, and so on have always been essential for every investor who wants to invest in the region. Limited regional budgets are the main factor for regions in preparing facilities and infrastructure to support investment in the regions. For this reason, attention from the central government is needed in this regard so that each region can compete healthily with other regions.

Investment facilities are provided considering the level of economic competitiveness and state losses and must be promotive compared to facilities provided by other countries. The importance of certainty of investment facilities encourages more detailed regulation of fiscal facilities, land rights facilities, immigration, and import licensing facilities. Nevertheless, the provision of investment facilities is also provided as an effort to encourage employment, linkage of economic development with people's economic actors, export orientation, and more good incentives to investors who use capital goods or machines or domestic production equipment, as well as related facilities. With investment locations in disadvantaged areas and areas with limited infrastructure, which will be regulated in more detail in the provisions of laws and regulations (especially in the Elucidation of Law No. 25 of 2007 concerning investment).

4.1.5. Illegal Charges in the Bureaucracy

Other practices that are not in line with the legal arrangements related to investment by Law no. 25 of 2007 concerning investment are still illegal levies in the investment bureaucracy, especially if it is related to licensing arrangements.

Some time ago, we could see how the bureaucratic process related to investment was always shrouded in various illegal levies made by unscrupulous employees. Conditions in the field like this will undoubtedly make the government’s image terrible in the eyes of those who want to invest in Indonesia. The spirit of today’s government regime in eradicating illegal debt so far should be appreciated. The establishment of a task force for eradicating illegal levies is expected to restore the image of the bureaucracy, which has been continuing to be wrong.

The eradication of illegal levies, especially in the aspect of licensing for investment, needs to be improved so that investor confidence can be restored and can impact the nation’s economic growth. Convenience and uncomplicated bureaucracy must be applied consistently and continuously. The adage ‘if it can be slowed down, why must it be accelerated’ should be abandoned so that the investment climate becomes healthy.

The current state of good infrastructure and taxation must be in line with good bureaucratic services. The application of the principles of good governance in government services will impact increasing investment, but the high level of corruption makes investors lazy to invest.

4.2. Potential for Investment Strengthening by Law no. 25 of 2007 concerning Investment

4.2.1. Strengthening the People's Economy

Like other developing countries, investment in Indonesia is an essential factor in increasing economic growth. The development of domestic investment in Indonesia began to improve slightly after issuing Law Number 25 of 2007 concerning Domestic Investment and Foreign Investment (Pramudita et al., 2019). Investment is an essential element in supporting the success of the national economic development program. In addition to being part of the implementation of the national economy, the investment must also be placed as an effort to increase national economic growth, create jobs, increase sustainable economic development, increase national technological capacity and capability, encourage people's economic development, and realize community welfare in the economic system. Investment regulations are needed so that capital activities in Indonesia can run by development goals (especially foreign capital) without harming Indonesia's development interests (Soedijana et al., 2008). People's economy is an economic activity or business carried out by the ordinary people (popular) which independently manages whatever economic resources can be cultivated and controlled after this referred to as Small and Medium Enterprises (SMEs) mainly covering the agricultural, livestock, handicrafts, food, which are aimed primarily at meeting basic needs and those of their families without compromising the interests of other people.

In the Elucidation of this Investment Law, investment development for micro, small, medium enterprises and cooperatives is part of the primary investment policy. In this regard, the investment must be part of the implementation of the national economy and be placed as an effort to increase national economic growth, create jobs, increase sustainable economic development, increase national technological capacity and capability, encourage people's economic development, and realize community welfare in a competitive economic system. In order to provide strengthening of civil society through the People's Economic program, it is necessary to endeavor that Law no. 25 of 2007 concerning investment provides space for public participation to develop their economy through existing cooperation models. Currently, community strengthening provided by foreign companies and new domestic companies in corporate social responsibility (CSR) has not had a significant impact. The development of micro-economy and household businesses must be in line with the strengthening provided in companies investing in Indonesia. The partnership approach between local companies and other household businesses needs to have a place in Law no. 25 of 2007 concerning investment so as not to cause the death of the community's micro-economy. The partnership program with investors is expected to encourage the passion of small businesses that exist today.

Furthermore, Article 3 paragraph (1) letter d of the Capital Market Law indicates equal treatment of foreign and domestic investors. It should be emphasized that the same treatment only applies to domestic investors so that domestic investors get top priority. Equal treatment of foreign investors and domestic investors, of course, opens up great opportunities for foreign investors to obtain investment opportunities in all fields. The principle of equality and not distinguishing between foreign and domestic investors has violated the constitutional mandate regarding the management of the national economy because it leads to economic liberalization.

4.2.2. Protection of Local Workers

Every country always tries to improve the development, welfare, and prosperity of its people. These efforts are carried out in various ways that differ from one country to another. One of the efforts made by the state is to attract as much foreign investment as possible into the country(Ahmad, 2003). Regarding the proper regulation of investment by Law no. 25 of 2007 concerning investment, it is necessary to pay special attention to how the government and local governments provide special protection for local workers from the invasion of foreign workers. The burden related to the development of human resources, especially Indonesian workers who work for foreign companies, is not only a burden for the company but the role of the government and local governments is needed in preparing the workforce in question so that the disparity between local workers and foreign workers is not too significant. Enthusiasm in protecting local workers should not be interpreted as a spirit of regionalism or ethnicism. However, the spirit of protecting local workers should be within the framework of diversity so as not to cause horizontal conflicts in the region. This spirit of protection must be passed down by subsequent laws and regulations so that foreign workers get legal certainty, but local workers also get the same rights. Updates to Law 25 of 2007 concerning Investment should also include restrictions on jobs that may employ foreign workers. This needs to be done considering the human resources of the Indonesian people, which may not be comparable to the quality of foreign workers.

On the other hand, it is necessary to limit which jobs require Indonesian nationals' employment so that there is no need to employ foreign workers. With the government's desire to revise the Investment Law, of course, the hope that is placed on the newly legal product is that the regulations drawn up for investment and business activities are not in the form of state indulgence in this case, the government through law products against capital owners or investors. Investors, so it is as if the owners of capital are positioned as spoiled children of the government, becoming a class full of convenience and priority compared to other republican stakeholders. Thus, it is necessary to consider the social impacts that will arise if social inequality becomes legitimized with the implementation of the Investment Law. The above restrictions do not mean that we reject the era of the global economy. However, on the other hand, it is also necessary to remember that there is a state's responsibility to protect its people, as stated in the preamble of the 1945 Constitution in the fourth paragraph. Of course, in the context of taking sides with local workers, it is not solely by limiting foreign workers but can also be done by preparing as early as possible our local workforce to be able to compete with foreign workers through various skills and skill improvement training so that our local workforce has good quality. Today's global economic era must also be seen as an advantage and opportunity for our local workforce to improve their welfare through the work they do. These opportunities and opportunities must be welcomed through the readiness of the government and local workers to compete healthily with foreign workers.

On the other hand, the supervision of foreign workers also deserves to be improved so that it becomes even better. Intensive supervision of foreign workers is needed so that the permits used do not violate the applicable laws and regulations. In the end, it is local workers who receive the impact. In addition, synchronization with the labor law also needs to be carried out so that every worker who works for foreign companies gets the proper rights.

4.2.3. Synchronization of Regulation in the Investment Sector

There are two roles of legislation, namely First; as a means of maintaining security and order. Second, as a means of following the growth of society. The two roles at certain times hold each other back. Law as a guardian of security and order is more oriented towards supervision and control. Law as a means of community growth is oriented towards convenience. The problem is deregulation. Many regulations are felt at certain times as excessive control so that they are seen as obstacles to development efforts. However, regulations that provide various facilities also contain problems, namely various possibilities of abuse(Manan& Magnar, 1997).

Considering that many regional regulations have been canceled related to investment, it can be concluded that there is overlapping of existing laws and regulations in the past. For this reason, Law no. 25 of 2007 concerning investment needs to emphasize this so that it does not happen again in the future. Synchronization of laws and regulations in the field of investment is essential not to cause perceptions for investors to invest in Indonesia. About the above, regional governments in the context of regional autonomy and entering the global era need to be keen on seizing opportunities to explore the potential of their respective regions. In order to be more economically independent, it is hoped that the Regional Government will be careful in setting policies so as not to burden the community and the business world with levies of taxes and other levies. So that in the context of improving the regional economy, local governments need to make policies that support mutually beneficial investment for both local governments, the private sector and to spur the development of mutually beneficial investments in regional development (Yuliantri et al., 2017).

Without careful consideration, this will impact closing the opportunities for local governments to attract as many domestic and foreign investors as possible to the regions. As is known, investors or investors who want to invest come from developed countries. From a business perspective, business people want to expand the market so that profits can increase further; on the other hand, recipients of capital want to exchange knowledge and technology(Rusmanto, 2010).

In the context of vertical relations, the central government needs to consider the spirit of local governments in increasing local revenue (PAD). One source of PAD is through levies and taxes imposed by local governments on investors so as not to disrupt the investment climate in the region. For this reason, the initial estuary of this matter needs to be emphasized, especially concerning the authority possessed by the government and local governments in the field of investment. Investments made should also allow regions to participate widely in the context of investment through the spirit of decentralization. Synchronization of laws and regulations in the investment sector is also not solely vertical. However, horizontal synchronization of laws and regulations also needs to be carried out so that the derivative regulations become in tune.

4.2.4. Strengthening Special Economic Zones

According to Law no. 25 of 2007 concerning Investment, in order to accelerate economic development in certain areas that are strategic for the development of the national economy and to maintain a balance in the progress of a region, special economic zones can be established and developed (see Article 31 paragraph (1) of Law No. 25 of 2007). 2007 concerning Investment). The government is authorized to determine its investment policy in appropriate special economic zones. As referred to in paragraph (1), Provisions regarding special economic zones shall be regulated by law.

Related to the above, synchronization is needed, especially the provisions of paragraph (3) relating to other laws and regulations. Considering the current conditions in several regions, such as Batam, experiencing investment turmoil due to several conflicting laws and regulations. That is indeed very detrimental to economic conditions in the area due to the inconvenience caused by different interpretations of the existing laws and regulations.

4.2.5. Strengthening Bureaucratic Coordination

The investment must be part of the implementation of the national economy and placed as an effort to increase national economic growth, create jobs, increase sustainable economic development, increase national technological capacity and capability, realize community welfare in a competitive economic system. Foreign capital brought in by investors is an essential tool for integrating the global economy. In addition, investment activities will positively impact capital recipient countries, such as encouraging business growth, supplying technology from investors in the form of production processes and machinery technology, and creating jobs(Ridgway & Talib, 2002).

According to (Putri et al., 2018)the flow of foreign investment in a country (receiving country) is very influential, especially in technology transfer, employment, and capital transfer. However, on the other hand, foreign investment will experience different interpretations, namely the first; it can provide benefits and advantages to developing countries and underdeveloped countries. One of them is an increase in the standard of living and the level of welfare of its people. Second, also found negative implications, namely, the marginalization of indigenous people's rights over natural resources and the natural environment and their living habitats for generations.

BKPM announced the realization of investment in the first quarter of 2021, amounting to 219.7 billion rupiah. This figure is up 4.3% from the same period last year, which amounted to 210.7 billion rupiah. Investment in this quarter was supported by foreign investment (Foreign Investment / PMA) of 111.7 billion rupiah, which increased by 14 percent compared to the first quarter of 2020, 98 billion rupiah. Meanwhile, domestic investment (domestic investment/PMDN) was 108 billion rupiah, down 4.2% compared to the first quarter of 2020, which was 112.7 billion rupiah. (source: http://www.bkpm.go.id/).

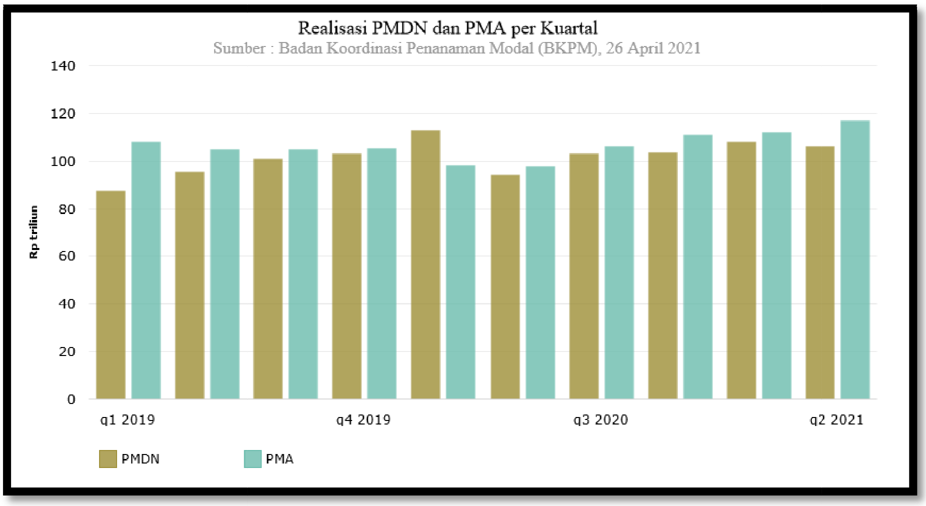

Figure1: Realization of Foreign Investment and Domestic Investment

The data above illustrates that investment is still dominated by foreign investment, while domestic investment is volatile but remains under the domination of foreign investment. This law considers the main problems faced by investors in starting a business in Indonesia. There are arrangements regarding ratification and licensing in which there are arrangements regarding one-stop integrated services. With this system, it is highly expected that integrated services at the center and in the regions can simplify licensing and accelerate their completion. In addition to investment services in the regions, the Investment Coordinating Board is tasked with coordinating investment policies. This one-stop licensing service has been implemented in various regions by forming an integrated licensing service unit at the provincial and district levels.

Concerning the Investment Coordinating Board at the provincial and district/city levels, it is necessary to be supported with adequate facilities and infrastructure to carry out its duties and functions and possibly attract investment to the regions. In addition, improving the quality of licensing services in the investment sector by simplifying licensing and accelerating completion time.

Improved coordination between Central and Regional Government agencies. This law covers all direct investment activities in all sectors. This law also guarantees equal treatment in the context of investment. In addition, this law instructs the government to improve coordination between Government agencies, between Government agencies and Bank Indonesia, and between Government agencies and regional governments.

Coordination with local governments must be in line with the spirit of regional autonomy. Regional governments, together with agencies or institutions, both private and government, must be empowered again to develop potential regional opportunities and coordinate investment promotion and services. Regional governments exercise the broadest possible autonomy to regulate and manage their investment management affairs based on the principles of regional autonomy and assistance or deconcentration tasks. Therefore, the increase in institutional coordination must be measured by the speed of licensing and investment facilities at competitive costs.

In addition, concerning the coordination of investment, do not let the spirit of regional autonomy go away. The granting of broad authority to local governments to bring in investors will encourage economic growth in the regions. The desire to increase the value of the investment by the government is expected not to withdraw the authority already possessed by local governments.

In this context the presence of investors who are expected to invest in the region becomes essential. First, the presence of investors can be used as counterparts by the region in utilizing all the potential resources owned by the region. Second, with the success of filling and increasing its source of income, the region can contribute towards improving and improving the quality of its human resources, including its services to the community, building the necessary infrastructure, opening up more job opportunities, and so on, all of which are directed towards efforts to improve the quality of human resources. to develop and prosper the local community.

Related to efforts to encourage the participation of the community and the private sector in the development of Regional Government Regions. Law No. 23 of 2014 concerning Regional Government in article 278 states that Regional Governments can provide incentives and facilities to the public and investors regulated in regional regulations by referring to the provisions of laws and regulations.

5. Conclusion

In the practice aspect of policies related to investment by Law no. 25 of 2007 concerning investment, several things can be conveyed, among others, they are still being discovered; several regulations that make it difficult for investors to enter the region, employment issues for Foreign Investment (PMA) and Domestic Investment (PMDN) which still have gaps, legal certainty issues, lack of investment support facilities and infrastructure, there are still illegal levies in the bureaucracy, especially those related to investment with permission.

Regarding the proper regulation of investment by Law no. 25 of 2007 concerning investment, several points of view can be conveyed, including; the need for strengthening the people's economy, the need for protection of local workers, the need for synchronization of laws and regulations in the investment sector, the need for strengthening the coordination of the bureaucracy, the need for space for public participation in investment.

Today's global economic era must also be seen as an advantage and opportunity for our local workforce to improve their welfare through the work they do. These opportunities and opportunities must be welcomed through the readiness of the government and local workers to compete healthily with foreign workers. The government's enthusiasm to strengthen the Investment Law after the issuance of the work copyright law that the regulations drawn up for investment and business activities are not in the form of state indulgence, in this case, the government through legal products against capital owners or investors, but on the contrary, the revision of the Investment Law is in the context of improving the national economy which in turn improves the welfare of the Indonesian people.

This review has limitations because it is more general in scope and focuses more on using literature from various sources. It is hoped that further research in the field of investment will draw from this publication. The quality of the methods used in the included studies was not analyzed systematically. Then it is hoped that further research will be more focused on several provinces or districts/cities to see the ease of investment in the region, both from domestic investment and foreign investment.

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