

Analysis of Investment Policy Formulation in Pekalongan Regency during Pandemic

Dyah Hariani¹, Herbasuki Nurcahyanto², AUFARUL MAROM³
{dyahhariani@gmail.com¹}

Universitas Diponegoro, Indonesia^{1,2,3}

Abstract. The COVID-19 pandemic has had a major impact on the economy and the declining welfare of society. Therefore, stimuli are needed to maintain economic stability, notably from the investment sector. Pekalongan Regency is one of the regencies which are having the investment continuing downward levels problem and it exacerbated by the Covid-19. Accordingly, fact about the investment condition, this research aims to describe the policy formulation process related to the investment in Pekalongan Regency by analyzing the investment policy formulation process consists of processes initial appearance of policy issues, policy studies to the formulation and determination of investment policies using descriptive qualitative methods. As a result, there is a change in investment policy from the service side in the form of a change in the system used from offline-based services to online. The changes in question are realized in the form of the Via Super Oke program. The obstacle encountered in the process is that the community does not fully understand the investment policy in Pekalongan Regency so that more effort, commitment, and cooperation are needed so that investment can develop smoothly.

Keywords: Economy, Pandemic, Investment, Formulation, Commitment

1 Introduction

The Covid-19 pandemic that occurred during 2020 to date has affected various sectors of life and the economy, one of them is the investment sector [1]. Moreover, the Secretary General of the OECD (Organization for Economic Co-Operation and Development) in his research results explained that Governments around the world have serious problems related to investment charts in their respective countries where the investment chart worldwide has decreased by 30% in 2020 even in developing countries the percentage could be even higher [2]. It can take a long time if a solution is not immediately found through various policies. Specifically, investment conditions in Indonesia itself are currently in a bad condition and the Government needs IDR 5,800 – 5,900 Trillion Rupiah for recovering [3]. It is necessary to have the right policy formulation for all regions in Indonesia to overcome this.

Pekalongan Regency is one of the regions in Indonesia that has experienced an economy downturn since the COVID-19 pandemic hit. It is known that from 2016 to 2020, the realized value of the investment in Pekalongan Regency has decreased from year to year, this can be seen in table 1,

Table 1. Investment Realization Value of Pekalongan Regency in 2018-2020.

Year	Investment	Investment Value
2018	LKPM	1,265,951,636,002
	Regional Permit	1,187,381,797,494
	Amount	2,453,333,433,496
2019	LKPM	491,247,033,064
	Regional Permit	1,213,014,916.182
	Amount	1,704,261,949,246
2020	LKPM	602,543,782,421
	OSS NON IUMK	635,402,720,021
	OSS IUMK	367,679,378,878
	Amount	1,605,625.881,320

Source: [4]

Based on table 1, the LKPM made the graphic decline in 2019 from the total investment realization value compared to 2018, (investment activity report) because it experienced a lot of downturns. Next, the investment still decreasing even though the LKPM value has increased, and it can be seen that it is still holding up relatively well due to the Corona pandemic. Meanwhile, seeing the condition of the realization of Pekalongan Regency's investment which tends to change, the Pekalongan Regency government should immediately reformulate its policies related to economic improvement through investments that have been made from before the pandemic to anticipate the worst scenario of the impact of the COVID-19 pandemic on the investment sector. Therefore, there needs to be more research related to the process of formulation of investment sector policy in Pekalongan regency during the COVID-19 pandemic and the obstacles.

2 Methodology

This research is a qualitative descriptive study that emphasizes the description of the existing facts so that the words in the description are more dominant in the resulting data. Additionally, the data collection method used is interview, observation, and literature study methods. Further, the analytical technique used in this study is dominant analytical techniques. It has been done out after going through the process of plunging into the object of research, which can be in the form of social situations (place, actor, activity) [5].

3 Discussion

3.1 Formulation of policy issues regarding investment in Pekalongan Regency

Economic growth is very important for a country. One of the proponents of economic growth in a region and country is an investment. The worsening condition of the COVID-19 pandemic has also endangered investment conditions in various regions in Indonesia, one of which is Pekalongan Regency. The formulation of the right policy is urgently needed in these conditions.

Brid Geman and Davis explain that an ideal public policy contains the objectives to be carried out, legal action as a concrete manifestation of public policy, and hypotheses as a reflection of public policy made from a problem to then get an answer solution by considering cause and effect [6]. Then, the policy formulation itself is related to the process of identifying problems at the agenda-setting stage which is then made into a program by the government. The formulation of this policy can be understood as a process of designing alternative policies by allocating existing resources, powers, interests where this formulation will affect the implementation of policies and the results obtained [7]. Furthermore, the policy formulation process can be carried out through several stages, namely problem formulation, forecasting, and policy recommendations [8].

The investment problem is one of the priority policy issues in Pekalongan Regency based on economic problems related to the impact of the Covid-19 pandemic, that causing several sectors to be temporarily suspended or unable to work as usual. It's also strengthened by the investment trend in Pekalongan Regency from 2016 to 2020 which shows negative growth and has worsened since the Covid-19 pandemic as shown in the table 2:

Table 2. Total Investment of Pekalongan Regency in 2016 - 2020

Year	Total Investment in Pekalongan Regency	The Increase Decrease
2016	2,343,469,061,092	-
2017	2,679,675,647,953	+14%
2018	2,453,333,433,496	- 8%
2019	1,704,261,949,246	- 31%
2020	1,605,625,954,712	- 5%
2016	2,343,469,061,092	-
2017	2,679,675,647,953	+14%
2018	2,453,333,433,496	- 8%
2019	1,704,261,949,246	- 31%
2020	1,605,625,954,712	- 5%

Source: [9]

The investment downward trend shown in table 2. is a problem that has a higher level of importance than other problems because it is related to economic conditions that can have an impact on the welfare of the community, so it must be immediately addressed and made a policy issue that requires alternative solutions as soon as possible.

3.2 Making an agenda and compiling a study on investment issues in Pekalongan Regency

The next step is to make an agenda and prepare a study on investment problems found in Pekalongan Regency. DPMPTSPNAKER (One Door And Manpower Integrated Services And Investment Office Pekalongan Regency) based on Ministry of Home Affairs Regulation Number 138 of 2017 is known to be given the authority to administer integrated licensing administrative services [10]. Then, the Pekalongan Regent Regulation Number 46 of 2013 concerning the General Investment Plan of Pekalongan Regency in 2013-2025 also strengthen the authority of the Regency DPMPTSPNAKER (One Door And Manpower Integrated Services And Investment Office) Pekalongan to conduct a study on investment problems found in

Pekalongan Regency. Agenda setting or agenda making focuses on the problems faced on the formal policy agenda related to issues that stakeholders must address [11]. It is done with a poll with the community about what the community feels, especially those who are domestic investors in managing investment permits before the pandemic. In a word, the polling result showed the service is less effective and nonoptimal hence in the service taking a long time and the lack of use of electronic systems in this case also makes the service inaccessible quickly, especially with the pandemic that forces people to stay away from crowds and other restrictions make policy changes very necessary. The community also still has minimal knowledge of the required documents related to investment.

3.3 Legal Formulation, Public Testing and Establishment of Policies

DPMPTSPNAKER in response to the results obtained previously immediately made improvements and made innovations to create services that could make investments grow well. Policy formulation refers to how the problems identified in the agenda-setting phase turn into government programs, as the process of designing alternative policies by allocating power among different interests which can later affect implementation and the results obtained [7]. The policy formulated by the Pekalongan Regency DPMPTSPNAKER as the agency authorized to handle this investment problem is to propose programs that can be made to make changes so that investment in Pekalongan Regency can grow better.

Via Super Oke is a program formulated during this pandemic, which is face-to-face service through video-call assistance that is used to take care of business permits. This program is one of the innovations made by the Pekalongan Regency Government due to the lack of public knowledge regarding online licensing services through the website owned by the Pekalongan Regency DPMPTSPNAKER. With this program, the public can manage permits with face-to-face services virtually using the Whatsapp application which is more familiar among the public.

Furthermore, public testing of the program is carried out by implementing it slowly. The results obtained indicate that the community supports and accepts the change of face-to-face licensing services to online or virtually using the Whatsapp application. The next formulation stage is the establishment of the program through the Decree of the Head of the Pekalongan Regency DPMPTSPNAKER so that services can be carried out legally and support investments so that they can develop faster and socialization of banners and other online media is carried out so that people understand better and understand the changes in services that are now online.

Finally, we can conclude that the formulation of investment policies in Pekalongan Regency is known to have been going well, although on the other hand there is still a lack of public understanding of the service requirements needed to make an investment licensing document. At the beginning of the problem, it was known that the investment policy in Pekalongan Regency experienced problems from a bad economy due to restrictions related to the Covid-19 pandemic, then in terms of investment or investment trends from 2016 to 2020 it experienced a decline, and it is known that the public is still not familiar with it. with online licensing services through a site. In the review process in policy formulation, it is known that in this case the Pekalongan Regency Manpower Department responded to this and was studied until finally the necessity for service changes or innovations emerged. In the formulation, it is known that the Via Super Oke program was compiled to make investments grow better by utilizing the WhatsApp application. The results of the public testing of this program showed positive results so that the stages continued with the determination through the Decree of the Head of the Pekalongan Regency DPMPTSPNAKER.

In the whole word, the policy formulation in Pekalongan Regency is going well. However, there are several obstacles encountered in the policy formulation process consisted of people

who did not fully understand the investment licensing service, starting from the required documents, and the applicable requirements or SOPs. Furthermore, the existing facilities and infrastructure are still not supported. Then, the innovations that have been carried out have not been maximally funded by the APBD.

Recommendations that can be given based on the conclusions are:

- a. It takes commitment and flexible work so that services can adapt to changes, especially changes from offline to online.
- b. DPMPTSPNAKER Pekalongan Regency in this case must be more aggressive in socializing and providing education related to service problems so that there are no misunderstandings.

References

- [1] R. Dias and J. M. Pereira, "The Impact of the COVID-19 Pandemic on Stock Markets," *Int. J. Entrep. Gov. Cogn. Cities*, vol. 1, no. 2, pp. 57–70, 2021, doi: 10.4018/ijegcc.2020070105.
- [2] OECD, "Foreign direct investment flows in the time of COVID-19," *Oecd.Org*, no. May 2020, pp. 1–13, 2020.
- [3] H. Muhyiddin, M., & Nugroho, "A Year of Covid-19: A Long Road to Recovery and Acceleration of Indonesia's Developmen," *J. Perenc. Pembang. Indones. J. Dev. Plan.*, vol. 5(1), no. 1, pp. 1–19, 2021, doi: 10.36574/jpp.v5i1.
- [4] One Door And Manpower Integrated Services And Investment Office Pekalongan Regency, "Investment Realization Value of Pekalongan Regency in 2018-2020," 2020.
- [5] L. J. Moleong, *Metodologi Penelitian Kualitatif*. Jakarta: UI Press, 1991.
- [6] S. Anggara, *Kebijakan Publik*. Bandung: PUSTAKA SETIA, 2014.
- [7] K. Hansson-Forman, E. Reimerson, T. Bjärstig, and C. Sandström, "A view through the lens of policy formulation: the struggle to formulate Swedish moose policy," *J. Environ. Policy Plan.*, vol. 23, no. 4, pp. 528–542, 2021, doi: 10.1080/1523908X.2021.1888700.
- [8] W. N. Dunn, "Pengantar Analisis Kebijakan Publik, edisi ke-2." Terjemahan Samodra Wibawa, Diah Asitadani, Agus Heruanto Hadna dan Erwan ..., 2003.
- [9] One Door And Manpower Integrated Services And Investment Office Pekalongan Regency, "Total Investment of Pekalongan Regency in 2016 - 2020," 2021.
- [10] Kementerian Dalam Negeri, *Penyelenggaraan Pelayanan Terpadu Satu Pintu Daerah*. Indonesia, 2017.
- [11] K. Hardee, "The policy circle," no. 11. pp. 1–38, 2004.