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Strengthening Investment Climate: A Study of Dynamic Governance in Gorontalo Province

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Abstract

This study aims to analyze the implementation of Dynamic Governance in investment policies in Gorontalo Province. it emphasizes flexibility, innovation, and adaptability in the decision-making process, so that it can respond to changes in the investment environment more effectively. In the context investment policies, they still face various challenges, including regulations that are not yet fully adaptive, complex bureaucracy, and limited infrastructure that can hinder investment attractiveness. The research method used is a qualitative approach with data collection techniques through in-depth interviews, documentation studies, and direct observation of policies implemented by the Investment and One-Stop Integrated Service Office (DPMPTSP). The results of the study indicate that efforts to digitize licensing services and bureaucratic reform have been carried out, but have not been fully optimal in creating a conducive investment environment. In addition, the lack of coordination between local and central governments is often an obstacle to effective policy implementation. With a more adaptive and innovative strategy, it is hoped that Gorontalo can increase its competitiveness as an attractive and sustainable investment destination.

Keywords: Dynamic Governance, investation, regulation, Gorontalo

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INTRODUCTION

Investment plays an important role in driving economic growth in a region. With increasing investment, various benefits can be obtained, such as job creation, improving community welfare, and strengthening economic competitiveness both nationally and globally (World Bank, 2021). Gorontalo Province as one of the regions with great economic potential continues to strive to create a conducive investment climate. However, various challenges such as less aligned regulations, complex bureaucracy, and limited infrastructure are still the main obstacles in attracting investment (Bappenas, 2022). Therefore, a more dynamic and adaptive governance strategy is needed to ensure the sustainability of investment in this region. Dynamic Governance is a governance concept that prioritizes flexibility, innovation, and responsiveness to policy dynamics and changes in the external environment. This concept includes three main elements, namely Thinking Ahead, Thinking Again, and Thinking Across, which aim to assist the government in designing policies that are more adaptive to market needs and local potential (Neo & Chen, 2020). By implementing the principles, local governments can be more proactive in anticipating challenges and creating investor-friendly regulations (OECD, 2023).

Various studies have shown that the application of Dynamic Governance in investment policies can increase the attractiveness of a region to investors. A study conducted by Rahman et al. (2022) revealed that flexibility in investment policies based on market analysis and cross-sector cooperation contributed to increased investment realization. In addition, Setiawan and Yulianti (2023) also found that regions that implement the principles tend to have more stable and sustainable economic growth than regions that still rely on conventional bureaucratic approaches.

Gorontalo Province has great potential in the investment sector, especially in agriculture, fisheries, and natural resource-based industries. However, the attractiveness of investment in this region still experiences various obstacles, especially related to regulations, investment incentives, and transparency in the licensing process. A study conducted by the Ministry of Investment/BKPM (2022) emphasized that legal certainty and efficiency in administration are the main factors considered by investors before investing in a region. Therefore, the implementation in investment management in Gorontalo can be a strategic step in overcoming this problem.

In the context of investment policy, it can be realized through various approaches, such as improving data-based regulations, more flexible bureaucratic reform, and increasing private sector involvement in policy formulation (Ginting & Purwanto, 2021). A number of regions in Indonesia have implemented this strategy by forming an integrated investment service unit, which allows investors to obtain information and process permits more efficiently. With this mechanism, investment barriers can be minimized, thereby creating a more conducive investment climate (Santoso, 2023).

The results of research conducted by Hasanuddin et al. (2022) revealed that regions that have an investment governance system based on Dynamic Governance are faster in adjusting policies to changes in global regulations and market trends. This proves that flexible and innovative policies are key factors in increasing the investment attractiveness of a region. Therefore, the Gorontalo Provincial Government needs to adopt this approach in its regional investment development strategy.

In addition to regulatory and bureaucratic aspects, the success of implementing Dynamic Governance also depends on the synergy between the government, the business world, and the community. A study conducted by Prasetyo et al. (2023) emphasized that collaboration between stakeholders in formulating investment policies can produce decisions that are more inclusive and based on market needs. This is very relevant to the conditions in Gorontalo, where the involvement of the private sector in the planning and implementation process of investment policies still needs to be strengthened. Based on the challenges and opportunities that have been presented, this study aims to analyze the implementation of Dynamic Governance in investment policies in Gorontalo Province. Specifically, this study will evaluate the effectiveness of this approach in increasing investment attractiveness, identifying remaining obstacles, and providing strategic recommendations for local governments. Through this analysis, it is hoped that more responsive and innovative investment policies can be designed to supports sustainable investment growth.

Thus, the implementation in strengthening the investment climate is an urgent need for Gorontalo Province. Adopting adaptive, collaborative, and innovation-based governance enables local governments to create a more competitive and attractive investment environment for investors. This study is expected to contribute to the development of more effective investment policies and become a reference for stakeholders in increasing regional economic competitiveness.

RESEARCH METHODS

This study uses a qualitative approach with a descriptive analytical method to understand the implementation of Dynamic Governance in investment policies in Gorontalo Province. This approach was chosen because it allows researchers to explore in depth how dynamic governance policies can contribute to improving the investment climate in this region. The data sources in this study consist of primary and secondary data. Primary data were obtained through in-depth interviews with stakeholders, including local government officials, business actors, and academics who are related to investment policies. Meanwhile, secondary data were collected from official government documents, research reports, and relevant academic publications in the last five years.

The data analysis technique in this study uses the thematic analysis method, where the data that has been collected will be categorized based on the main themes related to Dynamic Governance and regional investment. The analysis process is carried out through the stages of data reduction, data presentation, and drawing conclusions to produce accurate and evidence-based findings. To improve the validity and reliability of the data, this study applies the source triangulation technique, where information obtained from various sources will be compared to ensure consistency of the findings. Thus, the results of this study are expected to provide a comprehensive picture in strengthening the investment climate in Gorontalo Province.

RESULT AND DISCUSSION

Based on the results that has been conducted, the implementation of Dynamic Governance in investment policy in Gorontalo Province shows quite significant developments even though it still faces various challenges. The local government has begun to implement this approach through regulatory simplification and digitalization of investment licensing services. However, research findings show that there are still regulations that are not flexible enough to adapt to economic dynamics and investor needs. These rigid regulations are often an obstacle for business actors who want to invest, especially when facing rapid changes in economic conditions. Therefore, a more adaptive policy revision is needed and increased cross-sector coordination is needed to create regulations that are more responsive to changes in the investment environment. In investment management, the Investment and One-Stop Integrated Service Office (DPMPTSP) has a primary role in providing services to investors. As an agency that functions to oversee the investment process, DPMPTSP has tried to apply the Thinking Ahead principle by conducting market trend analysis and data-based investment projections. However, research results show that policies designed by local governments are often not in line with policies made by the central government. This mismatch has an impact on the difficulty of implementing policies at the regional level, causing delays in the execution of investment strategies that have been designed. In addition, coordination between various related agencies still needs to be improved because the Thinking Across approach, which encourages cooperation between the government, private sector, and the community, has not been fully implemented optimally. A number of business actors expressed that they still experience obstacles in obtaining clear information regarding investment policies, which indicates that their involvement in the policy formulation process is still limited.

From an investor perspective, the results of the study revealed that Gorontalo Province has great potential in attracting investment, especially in the agricultural, fisheries, and natural resource-based industrial sectors. The advantage of this region lies in its abundant natural resources, which can be an attraction for both domestic and foreign investors. However, in addition to these advantages, there are several major obstacles that are still of serious concern to investors. One of the biggest obstacles is regulatory uncertainty, where policy changes that occur without sufficient socialization often create uncertainty for the business world. Investors need clear legal certainty in order to make investment decisions with more confidence. In addition, infrastructure that is not yet fully adequate, especially in the transportation and energy sectors, is another factor that limits the flow of investment to this region. The less supportive infrastructure conditions make logistics costs higher, which ultimately reduces Gorontalo's competitiveness as an investment destination. Although licensing services have been digitized, there are still complaints about slow bureaucracy and lack of transparency in the licensing process, which hinders efficiency for investors who want to develop their businesses in this area.

It indicates that the implementation in investment policy in Gorontalo Province is still in its early stages and requires various improvements in order to function optimally. Progress has been seen in several aspects, such as the digitalization of investment services and increased transparency, but there are still many other aspects that need to be improved so that investment governance can be more effective and adaptive. The Thinking Ahead approach that has been implemented through investment trend analysis needs to be strengthened with more in-depth data-based policies that are responsive to global and regional changes. Therefore, investment policy strategies must be more based on comprehensive research and evaluation in order to be able to face the ever-evolving economic dynamics. In terms of synergy between stakeholders, the Thinking Across principle must be further optimized so that collaboration between the government, private sector, and the community runs more effectively. The research findings show that communication between local governments and investors is still limited, so a more structured communication forum is needed to ensure that the policies taken are truly in accordance with market needs and challenges in the field. With a more inclusive forum, it is hoped that investor aspirations can be properly absorbed in the policy formulation process, so that the regulations implemented truly support investment growth. Bureaucratic reform must continue to be carried out to create a more conducive investment climate. Although service digitalization has been implemented, there are still obstacles in terms of efficiency and transparency of the licensing process. Some business actors still complain about the long and sometimes complicated administrative procedures, which result in delayed investment realization. Therefore, the local government needs to accelerate the more integrated digitalization process and increase the capacity of human resources in the investment service sector in order to provide faster and more accurate services. With a more efficient bureaucracy, it is hoped that investors will be more interested in investing in Gorontalo without having to face unnecessary administrative obstacles.

Infrastructure improvement is also a key factor in attracting investment to Gorontalo. Good infrastructure will provide certainty for investors in running their business operations and increase regional competitiveness in attracting investment. The local government needs to collaborate with the central government and the private sector to build more adequate infrastructure, especially in the fields of transportation, energy, and telecommunications. The availability of supporting infrastructure will be a major factor in attracting more investors and driving sustainable regional economic growth.

Based on the results of this study, there are several recommendations that can be applied to improve the effectiveness. One of the main steps that must be taken is to develop regulations that are more flexible and responsive to market needs. More adaptive regulations will provide certainty to investors and ensure that investment policies can quickly adapt to changes in the economic environment. In addition, more effective communication mechanisms between the government, the business world, and the community must be developed to ensure that the policies implemented are truly oriented towards market needs and not just top-down. Bureaucratic reform is also a priority that must continue to be carried out. The digitalization of licensing services needs to be integrated more comprehensively in order to increase efficiency and reduce administrative barriers for investors. With a more transparent and structured system, it is hoped that the licensing process can run faster and more efficiently. In addition, infrastructure improvements must continue to be pursued as part of a long-term strategy to attract investment. Local governments must invest more in the development of strategic infrastructure to increase Gorontalo's competitiveness as an attractive investment destination. In addition to regulatory and infrastructure aspects, increasing the capacity of human resources in the investment sector is also an important factor in the successful. More intensive training is needed for government officials so that they have a better understanding of the concept of dynamic governance and are able to implement it in investment policies. By having competent and more efficient public service-oriented apparatus, it is hoped that Gorontalo can attract more investment and encourage sustainable economic growth.

CONCLUSION

The implementation has made significant progress, although there are still various challenges that need to be resolved. The local government has made efforts to improve by simplifying regulations and digitizing investment licensing services. However, policy flexibility is still an obstacle that hinders the flow of investment. Regulations that are less adaptive often cause difficulties for business actors in dealing with dynamic changes in economic conditions. Therefore, a more responsive policy revision is needed and increased coordination between various sectors is needed to create a more attractive and conducive investment environment.

In order to run more effectively, several strategic steps need to be implemented immediately. Regulations that are more flexible and responsive to market needs must be prepared in order to provide legal certainty for investors. In addition, a more open and effective communication mechanism between the government, the business world, and the community needs to be developed to ensure that the policies implemented are truly in accordance with market needs and are inclusive. The digitization of licensing services also needs to be strengthened and integrated comprehensively in order to increase efficiency and reduce administrative obstacles that investors still often face.

Increasing the capacity of human resources in the investment sector is also an important factor in ensuring the success. Government officials need to receive continuous training in order to understand and apply the principles of dynamic governance in the process of formulating and implementing investment policies. By having a competent workforce that is oriented towards more professional public services, it is hoped that Gorontalo can become a more attractive investment destination for business actors. Overall, the implementation of Dynamic Governance in investment policies in Gorontalo Province has had a positive impact, although various improvements are still needed to achieve more optimal results. More flexible regulations, more efficient bureaucratic reforms, and infrastructure improvements are the main factors in creating a more competitive investment environment. In addition, the synergy between the government, the business world, and the community must continue to be strengthened so that investment policies can be more adaptive to rapid economic changes. With careful planning and implementation, it is hoped that Gorontalo Province can become one of the leading investment destinations that contributes to sustainable regional economic growth.

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