



Dynamic Policy Adaptation and Governance in Supporting Investment Climate in Gorontalo

Milawaty Rahmat Kokalo

Gorontalo State University

Asna Aneta

Gorontalo State University

Fence M. Wantu

Gorontalo State University

Yanti Aneta

Gorontalo State University

***Correspondence:** Milawaty
Rahmat Kokalo
mgibson.wife@yahoo.com

Received: 11-02-2024

Accepted: 27-03-2025

Published: 04-04-2025

Copyright © 2025 by author(s)
and Scientific Research
Publishing Inc.

This work is licensed under the
Creative Commons Attribution
International License (CC BY
4.0).

<http://creativecommons.org/licenses/by/4.0/>



Open Access

Abstract

Investment is a major factor in driving regional economic growth. However, the policies often face obstacles, especially in terms of regulation and bureaucracy that are not yet fully efficient. This study aims to analyze the implementation of Dynamic Governance in strengthening the investment climate in Gorontalo Province, by highlighting the main challenges and strategic solutions in increasing investment attractiveness. The approach used in this study is a qualitative method with data collection techniques through literature studies, interviews, and policy analysis. The results of the study show that the implementation has made a positive contribution to increasing transparency and efficiency in investment services. a number of obstacles are still found, such as regulatory inconsistencies between the central and regional governments, limited supporting infrastructure, and low private sector involvement in the preparation of investment policies. Therefore, a more adaptive and collaboration-based strategy is needed to create a more dynamic and sustainable investment system. The main recommendations of this study include harmonization of policies between levels of government, acceleration of bureaucratic reform through digitalization of services, and increasing private sector participation in the formulation of investment policies. With the implementation of the right strategy, it is hoped that Gorontalo can become a more competitive region in attracting investment and accelerating economic growth in a sustainable manner.

Keywords

Dynamic Governance, Investment, Public Policy, Bureaucratic Reform, Gorontalo

Introduction

Investment is one of the main factors in driving economic growth in a region, creating jobs, and improving people's welfare. However, although investment has a very large impact on economic development, its implementation in various regions, including Gorontalo Province, still faces various obstacles. One of the main challenges is the complexity of regulations and bureaucracy that do not fully support efficiency in the investment process. Imperfections in the licensing system, overlapping policies, and delays in implementing regulations are factors that cause slow investment realization in this region. As a result, many investors are reluctant to invest their capital due to regulatory uncertainty and complicated administrative obstacles (OECD, 2023). These regulatory and bureaucratic obstacles can be seen in various aspects, including the licensing system which still takes a long time and the inconsistency between central and regional policies which often causes inconsistency in the implementation of regulations. The digitalization of licensing services that has been introduced in several regions has not yet run optimally, considering that there are still administrative aspects that require further simplification. Lack of transparency in the licensing process and minimal cross-sector coordination are also contributing factors to the slow investment in Gorontalo Province (Bappenas, 2022).

In facing these challenges, a more dynamic governance approach is needed so that investment policies can be more flexible and responsive to changes in the economic environment. One concept that can be applied is Dynamic Governance, which emphasizes the importance of innovation, adaptability, and fast and effective decision-making. This governance model allows local governments to create more structured investment policies, accelerate the licensing process, and increase the transparency of public services to better suit market and investor needs (Neo & Chen, 2020). The implementation of Dynamic Governance is expected to create a more efficient investment system and reduce administrative barriers that are often the main obstacles for business actors.

Bureaucratic reform is one of the key elements in creating a better investment climate in Gorontalo. Simplifying the licensing system, improving coordination between agencies, and utilizing digital technology in managing public services are strategic steps that can be taken to increase investment attractiveness. Experience from other regions in Indonesia shows that regions that have succeeded in attracting more investment are those that have implemented a transparent and efficient licensing system. For example, cities that have switched to a technology-based service system have experienced an increase in the amount of investment because investors feel more comfortable with clearer and faster procedures (Santoso, 2023). In addition to regulations and bureaucracy, another factor that plays a role in increasing investment attractiveness is the involvement of the private sector in formulating investment policies. Currently, in Gorontalo Province, the role of the private sector in policy formulation is still relatively limited, so that the policies made are often less in line with market needs. In fact, the active involvement of business actors in making investment decisions can increase the effectiveness of the policies implemented, while creating a more conducive business environment (Ginting & Purwanto, 2021). Therefore,

local governments need to adopt a more inclusive governance approach by involving more actors in the policy-making process.

Another challenge that needs to be considered in investment management in Gorontalo is the quality of infrastructure and the readiness of human resources. Inadequate infrastructure, such as limited transportation networks and minimal access to industrial support facilities, are often the main obstacles for investors who want to invest in this area. In addition, workforce skills are also an important factor in attracting investment, considering that many investors consider the quality of human resources before deciding to invest in an area (Rahman et al., 2022). Therefore, in addition to bureaucratic reform and regulatory improvements, strengthening infrastructure and improving the quality of the workforce must also be a priority in investment policies in Gorontalo. This study aims to analyze how the implementation of Dynamic Governance can help overcome regulatory and bureaucratic barriers in supporting the investment climate in Gorontalo. The main focus of this study is to identify challenges in the implementation of investment policies, evaluate the effectiveness of bureaucratic reforms that have been carried out, and provide strategic recommendations for local governments in improving investment governance. By implementing a more adaptive and innovative governance approach, it is hoped that Gorontalo Province can become a more competitive region in attracting investment and being able to increase economic growth sustainably.

Methods

This study uses a qualitative approach with the aim of analyzing the implementation of Dynamic Governance in investment policies in Gorontalo Province. This approach was chosen because it is able to explore in depth the phenomena that occur in the field and provide a more comprehensive understanding of the challenges and opportunities in strengthening investment governance in the region.

The method used in this study include data collection techniques through in-depth interviews, documentation studies, and direct observations. Interviews were conducted with various stakeholders, including local government officials, business actors, and academics who are related to investment policies and the implementation of Dynamic Governance in Gorontalo. These interviews aim to gain a broader perspective on regulatory and bureaucratic barriers, and how dynamic governance-based solutions can be implemented. In addition, documentation studies were conducted by reviewing various laws and regulations, regional policies, and annual reports related to investment in Gorontalo. These documents were analyzed to understand the policy patterns that have been implemented and the extent to which they are effective in creating a conducive investment climate. Secondary data used include reports from Bappenas, OECD, and various academic journals relevant to the theme of this research. Direct observation was also conducted by observing the investment service mechanism at the Investment and One-Stop Integrated Service Office (DPMPTSP) of Gorontalo Province. This observation aims to see how the licensing and investment service system works, including the administrative constraints faced by

investors and the effectiveness of the implementation of the digital licensing system that has been introduced by the local government.

Data analysis in this study was conducted descriptively-qualitatively, using data reduction techniques, data presentation, and drawing conclusions. Data obtained from interviews, documentation studies, and observations were categorized based on the main themes related to Dynamic Governance and investment policies. This approach allows the study to identify patterns that emerge in investment policies and evaluate the extent to which the principles of dynamic governance have been implemented. To ensure data validity, this study uses triangulation techniques, where interview results are compared with data from official documents and field observation results. With this triangulation approach, it is hoped that the data produced will be more accurate and able to provide a more complete picture of the condition of investment governance in Gorontalo Province.

Through this research method, it is hoped that effective strategies can be found in overcoming regulatory and bureaucratic barriers, as well as providing concrete recommendations for local governments in increasing investment competitiveness through the Dynamic Governance approach.

Results and Discussion

The implementation of Dynamic Governance in investment policy in Gorontalo Province has shown quite rapid development, although it still faces various challenges that must be resolved to create an optimal investment environment. The local government has made various efforts to increase investment attractiveness, especially by improving regulatory transparency and digitizing licensing services. However, the effectiveness of this policy is still hampered by convoluted bureaucracy, ineffective coordination between agencies, and regulations that are not yet fully aligned between the central and regional governments.

The results of this study indicate that the digitization of licensing services has become one of the main steps in bureaucratic reform. With a digital-based integrated service system, the local government is trying to simplify the administrative process to make it more efficient and easily accessible to investors. However, although this step has brought improvements in transparency and efficiency of services, obstacles are still found in its technical implementation. Several agencies do not yet have adequate system integration, causing the digitalization process to run partially. As a result, investors still encounter obstacles in managing permits because they have to deal with manual procedures at several administrative stages.

In addition to the digitalization aspect, overlapping regulations between the central and regional governments are a major challenge in creating a conducive investment climate. National regulations are often not fully aligned with regional policies, causing confusion among investors regarding the applicable rules. In some cases, investors have to wait a long time to obtain legal certainty regarding permits, which has the potential to hinder the entry of capital into the region.

Therefore, more intensive coordination between the central and regional governments is needed to ensure better policy harmonization.

Private sector participation in the investment policy-making process in Gorontalo also still needs to be strengthened. Currently, the involvement of business actors in policy discussions is still limited, so that the policies made often do not take into account the real needs and challenges faced by investors. In fact, in the Dynamic Governance model, private sector involvement is very important so that the policies implemented are more relevant to market conditions. With a more open communication mechanism between the government and the business world, it is hoped that the policies made can be more in line with economic realities and the needs of business actors.

Another factor that influences the attractiveness of investment in Gorontalo is the quality of infrastructure that still needs to be improved. Several industrial areas and business centers do not yet have adequate infrastructure, such as good road access, stable electricity availability, and reliable telecommunications networks. This limitation is one of the factors that makes investors think twice before investing their capital in this area. The local government needs to encourage the acceleration of infrastructure development by collaborating with various parties, both from the private sector and the central government, in order to increase Gorontalo's competitiveness as an investment destination.

Bureaucratic reform is also a crucial aspect in increasing ease of investment. So far, although there have been efforts to cut administrative procedures and simplify regulations, the public service system in several sectors is still running with a conventional approach. This causes the administrative process to still take quite a long time, especially in processing licensing documents and legal certainty related to investment. Therefore, it is necessary to strengthen the capacity of human resources in the government sector so that they are able to run a more modern service system that is responsive to investor needs.

Legal certainty is the main factor that is highly considered by investors in determining investment locations. One of the findings in this study is that regulatory changes are often made without adequate socialization. This creates uncertainty for investors because they have to continue to adjust their business plans to sudden policy changes. To overcome this problem, local governments need to implement more transparent and stable policies, and ensure that there is a policy evaluation mechanism that can involve various stakeholders.

In addition, the competitiveness of the local workforce is also one aspect that needs to be considered in attracting investment to Gorontalo. Many investors consider the quality of human resources before deciding to invest in an area. The results of the study show that there is still a gap between the skills of the local workforce and the needs of the industry, so that training and improving the skills of the workforce must be part of the investment development strategy in this area. The local government can work together with educational institutions and industry players in designing training programs that are in accordance with the needs of the labor market.

Based on the findings in this study, there are several strategic recommendations that can be applied to optimize investment policies in Gorontalo. First, harmonization of policies between the

central and regional governments must be a top priority in order to create legal certainty for investors. Second, the local government needs to increase the involvement of the private sector in the preparation of investment policies so that they are more in line with the needs of the business world. Third, infrastructure development must be accelerated by utilizing cooperation schemes between the government and the private sector to ensure that the available facilities can support the sustainability of investment. Fourth, bureaucratic reform must be carried out comprehensively by not only focusing on digitalization of services, but also increasing the efficiency of the administrative system to be more responsive to investor needs.

By implementing these strategies, it is hoped that investment governance in Gorontalo Province can be more competitive and attractive to investors, both domestic and foreign. A more optimal implementation of Dynamic Governance will have a positive impact on regional competitiveness and encourage more inclusive and sustainable economic growth in Gorontalo.

Conclusion

This study confirms that the implementation of Dynamic Governance in investment policies in Gorontalo Province has had a positive impact in increasing the effectiveness of governance. However, these efforts still need to be strengthened to be more responsive to economic changes and investor needs. A more flexible and innovation-based policy transformation is an important factor in building a competitive and sustainable investment ecosystem.

One important aspect in strengthening investment governance is the development of more adaptive regulations. Dynamic regulations allow local governments to adjust policies to economic developments without sacrificing legal certainty. This requires periodic policy evaluations, so that every rule implemented is truly relevant and supports investment growth. In addition, strengthening communication mechanisms between stakeholders must be a priority to prevent discrepancies in policy implementation at the regional level.

Investment competitiveness in Gorontalo also depends heavily on the ease of doing business that can be created through deeper bureaucratic reform. A more concise and technology-based administrative process not only increases service efficiency but also provides more confidence for investors in investing their capital in this region. Therefore, optimizing the digital system in licensing services and increasing the capacity of the apparatus in providing investment services are key factors that must continue to be improved.

In addition to regulatory and bureaucratic reforms, investment in Gorontalo also requires a well-planned infrastructure development strategy. The availability of supporting facilities such as adequate transportation networks, stable energy access, and modern communication technology are the main factors in attracting investors. Investment in infrastructure development can be carried out through a partnership scheme between the government and the private sector so that the development process can run more effectively and sustainably.

The dynamics of investment that continue to grow require innovation in more inclusive policies. The involvement of the private sector, academics, and the community in policy

formulation is very important to create policies that are in accordance with market needs. A more open and collaboration-based investment governance model can increase investor confidence and accelerate investment realization. Thus, policy strategies must be designed to ensure that all parties involved have an active role in creating a conducive investment ecosystem.

Based on the results of this study, there are several steps that can be taken to optimize investment policies in Gorontalo. The local government needs to develop a better coordination mechanism with the central government to ensure regulatory synchronization. In addition, the strategy for accelerating infrastructure development must be integrated with investment policies so that the available facilities can fully support the needs of industry and business. On the other hand, increasing the capacity of human resources in the investment sector is also an important agenda in creating more professional and solution-based services. With the implementation of more innovative strategies based on Dynamic Governance, it is hoped that Gorontalo Province can become a more attractive and competitive investment destination. The implementation of policies that are more adaptive, transparent, and oriented to market needs will create stronger economic stability and encourage sustainable investment growth. Therefore, improvements in various aspects of investment governance must continue to be made to ensure that Gorontalo is able to compete as one of the investment centers in Indonesia.

References

- Alim, M. (2022). *Transformasi Pelayanan Publik Berbasis Dynamic Governance di Indonesia: Evaluasi dan Tantangan*. *Jurnal Manajemen Publik*, 10(2), 98-120.
- Bappenas. (2022). *Laporan Kebijakan dan Regulasi Investasi di Indonesia: Tantangan dan Peluang*. Kementerian Perencanaan Pembangunan Nasional/Bappenas.
- Budiman, A. (2020). *Fleksibilitas dan Adaptasi dalam Dynamic Governance: Studi Kasus Implementasi di Indonesia*. *Jurnal Kebijakan Publik*, 5(1), 45-60.
- Chen, Y. (2024). Role of investor attention and executive green awareness on environmental information disclosure of Chinese high-tech listed companies. *Journal of Environmental Management*, 365, ISSN 0301-4797, <https://doi.org/10.1016/j.jenvman.2024.121552>
- Colm, A., Smith, J., & Lee, R. (2020). *Governance and Policy Development: Balancing Flexibility and Institutional Stability*. *Policy & Governance Journal*, 15(3), 200-215.
- Ginting, R., & Purwanto, H. (2021). *Kolaborasi dan Inovasi dalam Pengelolaan Investasi Daerah: Perspektif Dynamic Governance*. *Jurnal Manajemen Pemerintahan*, 12(4), 301-319.
- Hinterlang, N. (2023). Gauging the effects of the German COVID-19 fiscal stimulus package. *European Economic Review*, 154, ISSN 0014-2921, <https://doi.org/10.1016/j.eurocorev.2023.104407>
- Iqbal, M. (2024). Determinants of Islamic bank stability in Asia. *Journal of Islamic Accounting and Business Research*, ISSN 1759-0817, <https://doi.org/10.1108/JIABR-07-2022-0174>

- Kaufmann, D., Kraay, A., & Mastruzzi, M. (2010). *The Worldwide Governance Indicators: Methodology and Analytical Issues*. World Bank Policy Research Working Paper No. 5430.
- Kementerian Investasi/BKPM. (2022). *Laporan Tahunan Investasi Indonesia: Perkembangan dan Prospek Tahun 2023*.
- Khan, S. Khalid (2023). Modelling cybersecurity regulations for automated vehicles. *Accident Analysis and Prevention*, 186, ISSN 0001-4575, <https://doi.org/10.1016/j.aap.2023.107054>
- Khanna, P. (2023). Citizen empowerment through smart surveillance: evidence from Indian smart cities. *Digital Policy, Regulation and Governance*, 25(4), 385-401, ISSN 2398-5038, <https://doi.org/10.1108/DPRG-11-2022-0141>
- Kotter, J. P. (1996). *Leading Change*. Harvard Business Review Press.
- Li, Z. (2024). The dynamic interplay of foreign direct investment and education expenditure on Sub-Saharan Africa income inequality. *International Economics and Economic Policy*, 21(3), 593-616, ISSN 1612-4804, <https://doi.org/10.1007/s10368-024-00614-y>
- Luo, X. (2023). Inspiration or perspiration: Diffusion of China's low-carbon city pilot policies nationwide. *Journal of Cleaner Production*, 428, ISSN 0959-6526, <https://doi.org/10.1016/j.jclepro.2023.139291>
- Mohammed, K. Si (2024). Dynamic effects of digital governance and government interventions on natural resources management: Fresh findings from Chinese provinces. *Resources Policy*, 92, ISSN 0301-4207, <https://doi.org/10.1016/j.resourpol.2024.105004>
- Neo, B. S., & Chen, G. (2020). *Dynamic Governance: A Framework for Public Administration*. Oxford University Press.
- North, D. C. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge University Press.
- OECD. (2023). *Regulatory Reform in Southeast Asia: Challenges and Opportunities*. OECD Publishing.
- Prasetyo, R., Setiawan, T., & Yulianti, D. (2023). Kolaborasi Multi-Pihak dalam Tata Kelola Investasi di Indonesia: Kajian Empiris. *Jurnal Kebijakan Publik dan Administrasi*, 15(1), 75-92.
- Rahman, A., Susanto, W., & Nugroho, H. (2022). Faktor Keberhasilan Dynamic Governance dalam Kebijakan Investasi Daerah. *Jurnal Administrasi dan Kebijakan Publik*, 9(3), 211-225.
- Santoso, D. (2023). Peran Digitalisasi dalam Reformasi Birokrasi Investasi di Indonesia. *Jurnal Inovasi dan Teknologi*, 7(2), 130-145.
- Sari, L., & Rusli, M. (2023). Tata Kelola Investasi Inklusif di Pekanbaru: Implementasi Dynamic Governance. *Jurnal Administrasi Publik dan Sosial*, 11(1), 55-70.
- Setiawan, T., & Yulianti, D. (2023). Investasi dan Pertumbuhan Ekonomi di Indonesia: Studi Implementasi Dynamic Governance. *Jurnal Ekonomi dan Pembangunan*, 14(2), 189-205.

Shao, J. (2023). The policy mix of green finance in China: an evolutionary and multilevel perspective. *Climate Policy*, 23(6), 689-703, ISSN 1469-3062, <https://doi.org/10.1080/14693062.2023.2202181>

Vanli, T. (2024). Ranking of Global Smart Cities Using Dynamic Factor Analysis. *Social Indicators Research*, 171(2), 405-437, ISSN 0303-8300, <https://doi.org/10.1007/s11205-023-03259-7>