



## The Impact of Law No. 6 of 2023 on Job Creation on Foreign Investment Policy in Indonesia

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### Article Info :

Received:  
08-05-2026  
Revised:  
19-05-2026  
Accepted:  
01-06-2026

### Abstract

*This study examines the impact of Law No. 6 of 2023 concerning Job Creation on foreign investment policy in Indonesia through a normative juridical approach. The research employs statutory and conceptual analyses of primary legal materials, including the Constitution of the Republic of Indonesia of 1945, Law No. 25 of 2007 on Investment, and Law No. 6 of 2023, complemented by scholarly literature on investment governance and international investment law. The findings indicate that the Job Creation Law restructures Indonesia's investment framework by strengthening regulatory coherence, enhancing legal certainty, expanding investment opportunities, and improving investment facilitation mechanisms. The reform contributes to greater regulatory predictability and supports foreign investor confidence through a more integrated investment regime. The analysis further demonstrates that investment liberalization remains subject to constitutional economic principles that preserve state regulatory authority in matters relating to public welfare, environmental sustainability, labor protection, and the development of micro, small, and medium enterprises. The study concludes that the long term effectiveness of Indonesia's foreign investment policy depends on maintaining a balanced relationship between investment facilitation objectives and regulatory sovereignty within the framework of sustainable national development.*

**Keywords :** Foreign Investment, Job Creation Law, Investment Governance, Regulatory Sovereignty, Legal Certainty.



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## INTRODUCTION

The contemporary global investment landscape is undergoing profound transformation as governments increasingly compete to attract foreign direct investment through regulatory modernization, digital governance, and investment facilitation mechanisms designed to enhance competitiveness within an increasingly interconnected world economy. Recent international evidence demonstrates that foreign investment decisions are no longer determined solely by market size and resource availability, but are increasingly influenced by institutional quality, regulatory predictability, and administrative efficiency that reduce transaction costs and uncertainty for multinational enterprises operating across jurisdictions. Within this evolving context, emerging economies have intensified legal and institutional reforms to position themselves as attractive destinations for global capital, particularly amid ongoing shifts in global production networks and digital economic integration.

The theoretical foundations of this phenomenon are closely associated with the internationalization strategies of multinational corporations that seek favorable location advantages through stable legal frameworks and efficient governance structures (Dunning & Lundan, 2008). Simultaneously, recent global assessments highlight how investment facilitation and digital government reforms have become central determinants of investment attractiveness, particularly in developing countries seeking to accelerate economic growth through foreign capital inflows (UNCTAD, 2024). For Indonesia, these global dynamics intersect with constitutional mandates concerning the utilization of national resources for public welfare as articulated in the Constitution of the Republic of Indonesia of 1945, creating a complex policy environment in which economic openness must be reconciled with national development objectives and sovereign regulatory authority (Indonesia, 1945).

Existing scholarship has generated substantial insights regarding the determinants and developmental consequences of foreign direct investment, yet the literature increasingly suggests that regulatory architecture plays a more decisive role than conventional macroeconomic variables in shaping investment outcomes. Empirical studies indicate that legal certainty, institutional quality, and administrative simplification significantly influence investor confidence and long term investment commitments in emerging markets. Research on Indonesia has demonstrated that foreign investment inflows are strongly associated with policy stability, governance effectiveness, and the capacity of regulatory institutions to reduce procedural barriers that increase business costs (Suryanta & Patunru, 2023). Complementary analyses further reveal that investment policies can generate broader developmental effects through industrial upgrading, local economic expansion, and integration into global value chains, particularly when regulatory frameworks effectively balance investment promotion with domestic development priorities (Yuslaini et al., 2023). At the macroeconomic level, recent assessments of Indonesia's growth trajectory emphasize that structural reforms designed to improve the investment climate remain critical for sustaining long term economic transformation and enhancing productivity growth in a highly competitive regional environment (Thawley et al., 2024). Collectively, these studies suggest that investment governance should not be understood merely as a legal mechanism for attracting capital, but as an institutional framework that shapes the developmental quality and socioeconomic outcomes of foreign investment.

Despite these advances, significant conceptual and empirical limitations remain evident within the existing body of knowledge. Much of the literature continues to evaluate foreign investment through economic performance indicators while paying insufficient attention to the legal restructuring processes that fundamentally redefine the relationship between the state and foreign investors. Studies examining investment reforms frequently focus on aggregate investment trends without adequately analyzing how specific legislative changes alter regulatory logic, administrative authority, and investment governance mechanisms. This limitation is particularly visible in the Indonesian context, where the transition from traditional licensing regimes toward risk based regulatory systems has introduced new institutional configurations that remain underexamined in legal and policy scholarship. Although Law Number 25 of 2007 on Investment established foundational principles of investment governance, including legal protection and nondiscriminatory treatment, the subsequent introduction of risk based business licensing under Government Regulation Number 5 of 2021 created an additional layer of regulatory transformation whose implications for foreign investment policy remain theoretically underdeveloped and empirically contested (Indonesia, 2007; Indonesia, 2021). The literature consequently lacks an integrated analytical framework capable of explaining how these interconnected legal reforms collectively reshape Indonesia's investment governance architecture.

The unresolved nature of these issues acquires greater significance following the enactment of Law Number 6 of 2023 concerning Job Creation, which represents one of the most comprehensive regulatory reforms in contemporary Indonesian legal history. The legislation introduces extensive modifications to investment governance through regulatory simplification, expanded business opportunities, streamlined licensing procedures, and enhanced coordination between state institutions. Nevertheless, scholarly debate remains divided regarding whether such reforms primarily strengthen investment competitiveness or generate new governance challenges associated with regulatory oversight, policy coherence, and socioeconomic equity. Evidence from broader policy reform studies suggests that government intervention can substantially influence economic performance and institutional effectiveness, yet the pathways through which regulatory reforms affect investment behavior remain highly contingent upon implementation quality and governance capacity (Zainuri et al., 2025). Consequently, a critical unanswered question concerns whether the legal innovations introduced by Law Number 6 of 2023 constitute a substantive transformation of Indonesia's foreign investment policy regime or merely represent procedural adjustments within an existing regulatory framework.

Within this intellectual landscape, the present study positions itself at the intersection of investment law, regulatory governance, and development policy by examining Law Number 6 of 2023 not simply as a legislative instrument but as a strategic mechanism for restructuring the institutional foundations of foreign investment governance in Indonesia. Rather than treating investment flows as isolated economic outcomes, this research conceptualizes foreign investment policy as a dynamic legal system in which constitutional principles, statutory reforms, and administrative mechanisms interact to

shape investment behavior and state regulatory capacity. This perspective enables a more comprehensive understanding of how legal reforms influence investment attractiveness while simultaneously redefining the balance between economic liberalization, national development objectives, and regulatory sovereignty. By focusing specifically on the normative and institutional implications of the Job Creation Law, the study addresses a critical gap in the literature concerning the legal dimensions of investment governance reform that have received comparatively limited scholarly attention.

This study therefore aims to analyze the impact of Law Number 6 of 2023 concerning Job Creation on foreign investment policy in Indonesia through a normative legal examination of the regulatory changes introduced within the national investment framework. The research contributes theoretically by developing a more integrated understanding of the relationship between legislative reform, investment governance, and foreign investment policy in developing economies. It contributes methodologically by employing a systematic normative legal approach that connects constitutional principles, statutory provisions, and regulatory implementation within a coherent analytical framework, thereby offering a more comprehensive perspective on how legal transformation shapes the contemporary architecture of foreign investment governance in Indonesia.

## **RESEARCH METHODS**

This study adopts a non empirical legal research design grounded in a normative juridical approach to examine the impact of Law Number 6 of 2023 concerning Job Creation on foreign investment policy in Indonesia. The research is situated within the doctrinal tradition of legal scholarship that investigates legal norms, principles, and regulatory structures as the primary objects of analysis. The study employs both statutory and conceptual approaches to evaluate the coherence, objectives, and implications of Indonesia's investment regulatory framework. The corpus of analysis consists of primary legal materials including the Constitution of the Republic of Indonesia of 1945, Law Number 25 of 2007 on Investment, Government Regulation Number 5 of 2021 concerning Risk Based Business Licensing, Presidential Regulation Number 10 of 2021 concerning Investment Business Sectors, and Law Number 6 of 2023 concerning Job Creation. These materials are complemented by secondary sources comprising scholarly books, peer reviewed journal articles, and authoritative works on international investment law. The selection of literature was conducted through relevance based screening that prioritized publications addressing investment governance, foreign investment regulation, regulatory reform, and the interaction between domestic legal frameworks and international investment principles as articulated by Sornarajah (2021) and Dolzer, Kriebaum, and Schreuer (2022).

The analytical framework is based on normative legal analysis that integrates systematic interpretation, conceptual interpretation, and comparative doctrinal examination to assess the extent to which the Job Creation Law restructures Indonesia's foreign investment regime. Legal provisions were examined through a process of textual interpretation and contextual analysis to identify regulatory changes concerning licensing mechanisms, investment sector liberalization, investor protection, and state regulatory authority. The study further employs a coherence analysis model to evaluate the consistency of the Job Creation Law with constitutional economic principles, existing investment legislation, and broader doctrines of international investment law. Interpretation of findings was conducted through a descriptive analytical method that moves beyond mere description of legal provisions to critically assess their normative implications for legal certainty, investment facilitation, and regulatory effectiveness. This approach enables a comprehensive understanding of how contemporary legal reforms reshape the institutional architecture of foreign investment policy in Indonesia and contribute to ongoing debates regarding the relationship between economic liberalization and national regulatory sovereignty.

## **RESULTS AND DISCUSSION**

### **Regulatory Transformation of Foreign Investment Governance Under Law No. 6 of 2023**

The normative analysis indicates that Law Number 6 of 2023 introduces a substantial restructuring of Indonesia's foreign investment governance architecture through the consolidation of licensing procedures and the reconfiguration of regulatory authority. This transformation reflects a broader tendency among developing economies to employ legal reform as a strategic instrument for enhancing investment attractiveness in a competitive global environment. Contemporary investment

theory suggests that investors prioritize predictable legal environments because regulatory uncertainty increases transaction costs and investment risks (Dunning & Lundan, 2008). The examined legal provisions reveal a deliberate shift from fragmented administrative arrangements toward a more integrated governance framework.

A systematic interpretation of the Job Creation Law demonstrates that the reform is not limited to procedural simplification but extends to the redesign of institutional relations between government agencies. Prior regulatory arrangements often generated overlapping authorities that complicated investment approval processes and reduced administrative efficiency. Similar observations have been reported in analyses of Indonesian investment reform that identify regulatory fragmentation as a persistent barrier to investment expansion (Pardede, 2023). The legislative restructuring embodied in the new framework seeks to address these institutional inefficiencies through centralized coordination mechanisms.

The doctrinal examination further shows that the legal reform aligns with contemporary international investment governance principles emphasizing transparency and facilitation. Global investment trends increasingly associate regulatory modernization with enhanced competitiveness among investment destinations. International evidence indicates that digital governance and investment facilitation have become decisive elements in attracting capital inflows across emerging economies (UNCTAD, 2024). The Indonesian reform therefore reflects an effort to adapt domestic investment law to evolving global regulatory expectations.

From a constitutional perspective, the reform remains anchored in the economic principles established by the Constitution of the Republic of Indonesia. The constitutional mandate concerning public welfare requires that investment regulation support national development objectives while preserving state authority over strategic economic sectors (Indonesia, 1945). This dual objective creates a legal balancing process between economic openness and sovereign regulatory control. The Job Creation Law illustrates an attempt to reconcile these potentially competing objectives within a unified legislative framework.

The analysis of statutory coherence also reveals significant interaction between Law Number 6 of 2023 and earlier investment legislation. Law Number 25 of 2007 established foundational principles concerning equal treatment, legal certainty, and investor protection that continue to shape the contemporary investment regime (Indonesia, 2007). The newer legislation does not replace these principles but modifies the mechanisms through which they are operationalized. This relationship demonstrates legal continuity despite substantial procedural innovation.

**Table 1. Comparative Regulatory Transformation in Indonesia's Foreign Investment Framework**

<b>Regulatory Dimension</b>	<b>Before Law No. 6 of 2023</b>	<b>After Law No. 6 of 2023</b>	<b>Normative Implication</b>
Licensing Model	Administrative and sectoral licensing	Risk based licensing	Greater regulatory efficiency
Institutional Coordination	Fragmented authority	Integrated coordination	Improved legal certainty
Investment Access	More restrictive sectoral approach	Expanded investment opportunities	Increased market openness
Business Services	Multiple procedural stages	Simplified digital procedures	Reduced transaction costs
Regulatory Orientation	Control oriented governance	Facilitation oriented governance	Enhanced investment attractiveness

Source: Synthesized by the author from Indonesia (2007), Indonesia (2021), Indonesia (2023), and UNCTAD (2024).

The comparative findings presented in Table 1 demonstrate that the most significant legal change concerns the transition from control oriented regulation toward facilitation oriented governance. This transition reflects a broader international movement in which governments seek to reduce unnecessary administrative burdens while maintaining regulatory oversight. Similar developments have been

documented within international investment law scholarship that emphasizes the importance of balancing investor confidence and state regulatory autonomy (Sornarajah, 2021). The Indonesian experience provides an important illustration of this evolving regulatory paradigm.

The introduction of risk based licensing constitutes another important dimension of legal transformation. Government Regulation Number 5 of 2021 established the institutional foundation for categorizing business activities according to their level of risk rather than applying uniform licensing requirements across sectors (Indonesia, 2021). This approach enhances regulatory proportionality because compliance obligations correspond more closely to potential societal impacts. Such proportionality is increasingly recognized as a hallmark of effective regulatory governance in contemporary economic law.

The reform also interacts with broader economic transformation objectives pursued by Indonesia. Legal certainty and administrative efficiency are frequently identified as prerequisites for achieving sustained structural transformation and escaping middle income development constraints (Maryanti et al., 2023). Investment governance reforms can support these objectives by encouraging capital formation and productive economic activity. The legal architecture established under the Job Creation Law reflects this developmental orientation.

Another notable finding concerns the relationship between investment liberalization and institutional capital. Research on economic development highlights that institutional quality functions as a critical form of capital that shapes long term competitiveness and investment performance (Ausat et al., 2023). The restructuring of investment governance under Law Number 6 of 2023 can therefore be interpreted as an effort to strengthen institutional capital through legal modernization. The effectiveness of this strategy depends on the consistency and credibility of implementation across administrative levels.

The overall analysis confirms that Law Number 6 of 2023 represents a significant normative transformation of Indonesia's foreign investment governance framework rather than a merely technical amendment to existing legislation. The reform introduces new legal mechanisms that redefine the relationship between the state, investors, and regulatory institutions. Its significance extends beyond procedural simplification because it alters the foundational logic through which investment governance is organized. This transformation positions Indonesia within a broader global trend toward investment facilitation while preserving the constitutional foundations of national economic governance.

### **Investment Liberalization and Legal Certainty in the Post Job Creation Law Regime**

The enactment of Law Number 6 of 2023 represents a significant legal development in Indonesia's investment regime through the reinforcement of legal certainty as a fundamental component of foreign investment governance. In international investment law, legal certainty is widely recognized as a key determinant influencing investment decisions because investors require a stable and predictable regulatory environment before committing long term capital (Sornarajah, 2021). The normative restructuring introduced by the Job Creation Law reflects an effort to reduce regulatory ambiguity and strengthen coherence among investment related legal instruments. From a doctrinal perspective, legal certainty functions not only as a guarantee of compliance but also as an institutional signal regarding the credibility of state commitments toward economic actors.

The relationship between legal certainty and foreign direct investment can be explained through the Ownership Location Internalization paradigm developed by Dunning and Lundan (2008). Within this framework, the attractiveness of a host country depends not only on economic resources but also on the quality of its legal and institutional environment. Regulatory predictability reduces transaction costs and lowers investment risks that may discourage multinational enterprises from entering emerging markets. The legal reforms incorporated into Law Number 6 of 2023 therefore possess strategic relevance because they enhance the location advantages that influence foreign investment decisions.

A central normative consequence of the Job Creation Law is the enhancement of investor confidence through a more coherent investment framework. Investor confidence is closely associated with the perception that government policies are stable and capable of being implemented consistently over time (Dolzer et al., 2022). The harmonization of investment related provisions strengthens expectations that regulatory changes will occur within an identifiable legal structure rather than through fragmented sectoral interventions. Such conditions contribute to a more reliable investment climate that is capable of attracting long term capital inflows.

The significance of regulatory predictability has also been emphasized in contemporary investment governance debates. UNCTAD (2024) notes that investment facilitation increasingly depends on transparent and coherent legal systems that enable investors to anticipate regulatory obligations and opportunities. In the Indonesian context, the Job Creation Law demonstrates a normative shift toward a governance model that prioritizes legal clarity and institutional consistency. This development aligns with broader international trends that associate regulatory predictability with investment competitiveness and sustainable economic growth.

**Table 2. Legal Certainty Indicators and Investment Facilitation Mechanisms under Law No. 6 of 2023**

<b>Legal Dimension</b>	<b>Regulatory Mechanism</b>	<b>Expected Effect on Foreign Investors</b>	<b>Normative Assessment</b>
Legal Certainty	Harmonized investment provisions	Greater predictability	Strong
Market Access	Expanded business sectors	Increased entry opportunities	Strong
Licensing Assurance	Risk based licensing framework	Reduced administrative uncertainty	Strong
Investor Protection	Equal treatment principles	Higher confidence level	Moderate to Strong
Regulatory Transparency	Digital governance mechanisms	Better information accessibility	Strong

Source: Synthesized by the author from Indonesia (2007), Indonesia (2023), Sornarajah (2021), Dolzer et al. (2022), and UNCTAD (2024).

The findings presented in Table 2 indicate that the principal mechanisms introduced under the Job Creation Law are directed toward strengthening legal certainty and investment facilitation. The normative significance of these mechanisms lies in their capacity to reduce uncertainties that traditionally affect investor decision making processes. Legal certainty and transparency are particularly important because foreign investors frequently evaluate institutional quality alongside economic indicators when selecting investment destinations (Suryanta & Patunru, 2023). The table also demonstrates that investment facilitation is increasingly viewed as an integral component of modern investment governance rather than merely an administrative function.

Another important aspect concerns the compatibility of Indonesia's investment framework with international investment principles. The principle of National Treatment requires host states to provide treatment to foreign investors that is no less favorable than that accorded to domestic investors in comparable circumstances (Dolzer et al., 2022). The continuation of non discrimination principles within Indonesian investment legislation reinforces the perception that foreign investors are entitled to equal legal protection and market participation opportunities. Such alignment strengthens Indonesia's credibility within the broader architecture of international investment law.

The principle of Most Favoured Nation also provides a useful analytical lens for evaluating the normative direction of Indonesia's investment reforms. According to Sornarajah (2021), the MFN principle seeks to prevent discriminatory treatment among foreign investors originating from different jurisdictions. The investment framework established after the Job Creation Law reflects a regulatory orientation that minimizes arbitrary distinctions and promotes equal access to investment opportunities. This orientation contributes to a more transparent and predictable investment environment capable of supporting cross border economic activity.

From the perspective of market access, investment liberalization functions as a mechanism for increasing economic openness and enhancing national competitiveness. Pardede (2023) argues that contemporary investment reforms in Indonesia are designed to strengthen integration with global economic networks while preserving national development objectives. Greater openness can encourage technology transfer, productive investment, and industrial upgrading that contribute to long term

economic transformation. Similar observations have been identified in studies linking foreign direct investment with economic growth and structural modernization in Indonesia (Millia et al., 2023).

The broader economic implications of legal certainty and investment liberalization are reflected in Indonesia's long term development strategy. Research suggests that sustained economic growth requires institutional reforms capable of improving productivity, attracting investment, and supporting structural transformation toward higher value economic activities (Maryanti et al., 2023; Thawley et al., 2024). Fiscal stability and policy coherence further reinforce the effectiveness of investment reforms by creating a supportive macroeconomic environment for investors (Indrawati et al., 2024). These considerations demonstrate that investment governance should be understood as part of a wider development framework rather than as an isolated regulatory domain.

A normative synthesis indicates that Law Number 6 of 2023 strengthens the legal foundations of Indonesia's foreign investment regime through greater predictability, enhanced market access, and closer alignment with international investment principles. The reform illustrates an evolving balance between investment liberalization and the state's authority to regulate economic development in accordance with constitutional objectives. Consistency with doctrines of investment protection increases the legitimacy of Indonesia's investment framework within the international legal order (Dolzer et al., 2022; Sornarajah, 2021). The cumulative effect of these developments is the creation of a more competitive and legally predictable investment environment that may contribute to Indonesia's long term economic development trajectory.

**Balancing Investment Facilitation and Regulatory Sovereignty in Indonesia**

Foreign investment constitutes an important instrument for economic development, yet it cannot be regarded as an autonomous objective detached from constitutional commitments. A normative examination of Law No. 6 of 2023 indicates that investment facilitation must operate within the broader framework of public welfare mandated by Article 33 of the Constitution of 1945. The constitutional economic order places social justice and collective prosperity at the center of economic governance rather than unrestricted market expansion (Indonesia, 1945). This constitutional orientation establishes a normative benchmark for assessing the legitimacy of contemporary investment reforms.

The doctrinal analysis further demonstrates that economic liberalization inevitably generates tensions between efficiency objectives and public interest considerations. While regulatory reforms seek to improve economic dynamism, the state retains responsibility for safeguarding strategic sectors and protecting vulnerable economic actors. Patunru (2023) argues that Indonesia's economic governance reflects a continuing interaction between pragmatic openness and economic nationalism. The Job Creation Law therefore operates within a legal environment where market integration and national policy autonomy remain simultaneously relevant.

The concept of regulatory sovereignty occupies a central position within contemporary investment law discourse. International legal scholarship recognizes that states possess an inherent right to regulate in pursuit of legitimate public objectives despite increasing economic globalization. This principle remains essential for preserving governmental authority over environmental protection, labor standards, and social welfare policies (Sornarajah, 2021). Law No. 6 of 2023 does not eliminate such authority but instead requires continuous balancing between economic openness and constitutional responsibilities.

**Table 3. Normative Tensions between Investment Facilitation and Public Interest Protection**

<b>Regulatory Objective</b>	<b>Investment Facilitation Goal</b>	<b>Public Interest Concern</b>	<b>Required Policy Balance</b>
Market Liberalization	Attract foreign capital	Domestic business vulnerability	Selective openness
Industrial Expansion	Economic growth	Environmental pressure	Sustainable regulation
Capital Mobility	Investor flexibility	National economic control	Regulatory oversight
Labor Market Flexibility	Business efficiency	Worker protection	Social safeguards

Administrative Simplification	Faster investment process	Accountability concerns	Institutional monitoring
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Source: Synthesized by the author from Indonesia (1945), Indonesia (2023), Sornarajah (2021), Prihandono and Yuniarti (2023), Deviona et al. (2024), Pambudi (2025), and Patunru (2023).

The normative tensions summarized in Table 3 illustrate that investment facilitation generates multidimensional governance challenges extending beyond economic considerations. The table demonstrates that each liberalization objective is accompanied by corresponding public interest concerns requiring legal intervention. Such findings support the doctrinal proposition that investment governance should be evaluated through proportionality rather than through a purely market oriented perspective (Dolzer et al., 2022). The effectiveness of future regulatory reforms will therefore depend on the state's ability to maintain equilibrium between competing legal values.

One critical concern involves the position of micro, small, and medium enterprises within an increasingly competitive economic environment. Although foreign investment may stimulate production networks and technology diffusion, excessive concentration of market power may weaken domestic entrepreneurial capacity. Evidence from Indonesian economic governance studies suggests that sustained development requires strengthening institutional support mechanisms for local enterprises alongside market opening measures (Zainuri et al., 2025). The normative objective is not protectionism but the preservation of inclusive economic participation.

The protection of labor rights represents another dimension of the balance between investment promotion and public welfare. Economic efficiency considerations frequently encourage greater flexibility in employment arrangements, yet labor protection remains a constitutional and legal obligation. Deviona et al. (2024) emphasize that employment regulations should continue to ensure adequate social security and compensation safeguards despite evolving investment policies. Similar concerns regarding legal protection of workers' economic rights have also been highlighted by Jaelani et al. (2023) within broader discussions of labor justice.

Environmental governance constitutes an increasingly significant aspect of investment regulation in resource rich economies. The expansion of investment activities may contribute to industrial growth while simultaneously intensifying ecological pressures and resource exploitation. Pambudi (2025) demonstrates that investment driven industrial development in strategic mineral sectors often reveals tensions between economic gains and environmental sustainability objectives. Such observations reinforce the need for regulatory frameworks capable of integrating environmental accountability into investment governance.

The sustainable development perspective further strengthens the argument that investment policy should generate long term societal benefits rather than short term economic expansion alone. Prihandono and Yuniarti (2023) emphasize the importance of sustainability oriented governance standards capable of aligning business activities with broader developmental objectives. Related studies also highlight the contribution of social finance mechanisms and green economic initiatives to sustainable growth pathways in Indonesia (Azwar, 2023; Alhammadi, 2023). Investment governance therefore requires integration between economic performance and sustainability commitments.

A broader socio economic perspective reveals that development outcomes depend not only on capital inflows but also on institutional and societal capacities. Ausat et al. (2023) identify intellectual, social, cultural, and institutional capital as important foundations for long term economic transformation. Complementary findings indicate that community based economic initiatives and local enterprise development remain essential components of inclusive growth strategies (Saratian et al., 2023; Yuslaini et al., 2023). Regulatory frameworks should therefore promote synergies between foreign investment and domestic development capabilities.

The doctrinal synthesis suggests that Law No. 6 of 2023 should be interpreted as part of a broader governance model rather than as a purely liberalization oriented statute. Constitutional economic principles require the state to preserve regulatory authority over matters affecting social welfare, environmental sustainability, and national economic resilience. Effective governance also depends on transparent legal institutions capable of maintaining accountability and preventing regulatory capture, which remains a central concern in normative legal theory (Sitompul, 2023). Future investment governance in Indonesia will likely achieve greater legitimacy when facilitation measures are consistently balanced with constitutional obligations and public interest protection.

## CONCLUSION

The analysis demonstrates that Law No. 6 of 2023 has significantly reshaped Indonesia's foreign investment policy by consolidating investment regulations, strengthening institutional coherence, and promoting a more predictable legal environment for business activities. The reform reinforces the objectives of Law No. 25 of 2007 by supporting investment facilitation while aligning domestic regulation with contemporary principles of international investment governance. From a normative perspective, enhanced legal certainty, broader market participation opportunities, and improved regulatory predictability contribute to a more favorable framework for foreign investment and economic development. At the same time, the constitutional foundations of Indonesia's economic system require that investment policy remain subject to public interest considerations embodied in Article 33 of the Constitution of 1945. State authority to regulate economic activities, protect labor rights, support micro, small, and medium enterprises, and ensure environmental sustainability remains an essential component of investment governance. The study concludes that the significance of Law No. 6 of 2023 lies not merely in facilitating investment but in establishing a regulatory model that seeks to reconcile economic openness with constitutional commitments, sustainable development objectives, and national regulatory sovereignty.

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