

Strategy of the Investment and Licensing Services in Increasing Investment in North Sumatra Province During the Covid-19 Pandemic

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Abstract: This research aim is because of investments sectors that could be used as one of the mainstays of indigenous income, along with the Covid-19 pandemic, which has significantly affected the activities of life that affect both the company and Micro, Small and Medium Enterprises (MSME), including One-Stop Integrated Investment and Licensing Service Office. The study aims to identify strategies used by One-Stop Integrated Investment and Licensing Service Office to increase investment in North Sumatra during the covid19 pandemic. The method of research used in this study is a descriptive qualitative study. Where data collection techniques were used, were observation, interviews, and documentation. As for data sources, used in the study are the primary and secondary data of the investment service. The result of this study is a strategy or effort made by the united One-Stop Integrated Investment and Licensing Service Office of North Sumatra Province. In One-Stop Integrated Investment and Licensing Service Office, the north Sumatran province's investment in north Sumatra is by improving investment quality, implementing North Sumatra Invest (NSI), improving investment quality by performing public service innovation, and improving the effectiveness of investment opportunities.

1 INTRODUCTION

The world economy can be said to have experienced globalization a few years ago. Where it is proven by the free market has been carried out by several countries in recent years. The implementation of market freedom certainly has positive and negative impacts. From the negative side, it can see as a business activity that will experience a decline and even suffer losses because the scale of competition that occurs is no longer some party or parties from that country, but from outside the country participates as well. The entry of foreign capital into the Indonesian economy is a demand from both the economic and political conditions of Indonesia. However, the state cannot also take advantage of foreign capital or withdraw funds continuously because international loans also have the interest to be paid. Investment is known to have an important role in the development of a region. This is due to investment having become one of the reliable sectors

in improving Regional Original Income. The investment will participate shape the daily activities of the economy. Investment development in an area is one indicator of the progress of economic growth in the area. Investment is needed by the government because all the needs of a country cannot always be met only by relying on the government budget alone. So it is very necessary private sector and external parties to assist to meet the needs of the country.

Investment is a policy that has a fairly broad economic impact, namely, it can create an increase in the number of goods and services, value-added, new business creation, use of labor and other economic resources, increase in income of households and local sources of income in the form of taxes and retribution. Investment can also be said as one of the benchmarks of a country to have a good, or low level of economic growth, even bad. Each investment rate influences the level of welfare of a country because the investment will encourage the country to produce and fulfill the need for state welfare.

However, in 2020 the world was hit by a disease outbreak, namely the COVID-19 pandemic, which could paralyze all aspects of the world economy. The condition of the world that is being hit by the COVID-19 pandemic is what is behind the research to see from the economic side, precisely regarding the investment that has taken place in North Sumatra Province. As one of the large and well-known provinces in Indonesia, North Sumatra's investment climate remains conducive and attractive to domestic and foreign investors even during the pandemic. This is certainly inseparable from the government's role in realizing investment policies and regulations, providing services, and also facilitating business.

One-Stop Integrated Investment and Licensing Service Office of North Sumatra Province in this case has many tasks and functions related to investment activities or policies. The main activities of the One-Stop Integrated Investment and Licensing Service Office are the activities of administering affairs in the investment sector and administering licensing and non-licensing in an integrated manner under one door. Meanwhile, the supporting activities are administrative, providing service facilities and infrastructure as well as providing support for equipment and personnel. All activities are carried out both in the form of main activities and activities that are included in several programs that will later support the policies that have been set by the organization.

2 LITERATURE REVIEW

2.1 Strategy

According to Glueck and Jauch (1989), strategy is a combined, broad, and integrated plan that links the company's strategic advantages with environmental challenges, designed to ensure that the main objectives of the company can be achieved through proper implementation by the organization.

According to Thomson (in Oliver, 2007: 2) strategy is a way to achieve a result. The final result in this case concerns the goals and objectives of the organization. There is a broad strategy for the whole organization and a competitive strategy for each activity.

According to Assauri, the function of strategy is basically to make the strategies that are prepared can be implemented effectively (2016). For this reason, six functions must be carried out simultaneously, namely: a. Communicating a purpose (vision) to be achieved to others. b. Connecting or associating an organization's strengths or advantages with

opportunities from its environment. c. Take advantage of or exploit current successes and successes, as well as investigate new opportunities. Generate and generate more resources than currently used. e. Coordinate and direct the activities or activities of the organization going forward. f. Responding and reacting to new situations encountered all the time.

Types of strategies according to Hari Suminto (2002:20) a) Price penetration strategies b) product development strategy c) market development strategy d) integration strategy e) diversification strategy

2.1.1 Pricing Goals

The purpose of pricing is as follows (Machfoedz, 2010: 67):

- a. Achieving Maximum Profit
- b. Promoting
- c. Increasing Sells
- d. Reaching the return on investment target
- e. Increase competitiveness
- f. Stability Price
- g. Maintaining market share
- h. Prestige

2.2 Investment

The investment comes from Latin, namely *investire* (to wear). In the scope of its use, the term investment is often used in business sector activities, while the term investment is more widely used in legislation. Based on Law No. 25 of 2007 concerning investment, it is defined as all forms of investment activities, both by Domestic Investors and Foreign Investors to conduct business in the territory of the Republic of Indonesia.

According to Kamaruddin Ahmad (Furthermore, Manan, 2012:152-153), there are three reasons why many people invest, namely

- a. live a better life in the future.
- b. Reducing inflationary pressures Inflation is a condition that causes prices of goods and services to rise due to the instability of a country's economy.
- c. Encouragement for various countries' tax savings.

2.3 Fundamental of Investment Strategy

The strategic objectives of the One-Stop Integrated Investment and Licensing Service Office are in line with the strategy and direction of regional policies, namely: sustainable inclusive economic growth

through the development of agricultural management, tourism, services and trade industries through increasing the competitiveness of value-added industrial products by doing, among other things: a) Improve quality in investment planning b) Increase investment that creates high added value, reduces dependence on imports, and increases export c) Improving the harmonization and synchronization of policies and laws and regulations in the field of investment and licensing d) Improving the efficiency and effectiveness of investment promotion by prioritizing regional competitiveness e) Increasing investment cooperation by prioritizing national interests f) Improving investment services and licensing based on information technology formulating and recommending facility policies and intensive investment incentives g) Formulate and recommend investment facilities and incentives policies h) Improve coordination between the center and the provinces, cities, provinces and districts, and between sectoral agencies i) Increase the realization of the investment.

2.4 One Stop Service

This integrated service system is essential to simplify the service mechanism so that its benefits are truly felt by the community. This means that this system is held not only because of statutory regulations that require it, but rather how far the integrated service system produces services that are easier, cheaper, simpler, faster, cheaper, and orderly in service administration. The integrated service system is a unified service management process for several types of services that are carried out in an integrated manner in one place both physically and virtually by service standards (Hadi, 2019).

3 METHODS

This research is a type of descriptive qualitative research. This study also uses field notes in the form of observation notes and other sources. So it can be concluded that descriptive qualitative research is a research method that describes a phenomenon through descriptions in the form of sentences and language using a natural method. The location of this research was carried out at the One-Stop Integrated Investment and Licensing Service Office of North Sumatra Province. The data collection techniques carried out by the researchers were observation, interviews, and documentation. The informants in this research included key informants, main

informants, and additional informants. The analytical method used is an interactive data analysis method where qualitative research allows data analysis to be carried out after the researcher is in place or returns from a new field to be analyzed.

4 RESULT AND DISCUSSION

The Office of the One-Stop Integrated Investment and Licensing Service of North Sumatra Province was established based on the Regional Regulation of the Province of North Sumatra No. 6 of 2016 concerning the Establishment and Composition of Regional Apparatuses of the Province of North Sumatra. The North Sumatra Province One-Stop Integrated Investment and Licensing Service is a merger of 2 (two) SKPD, namely the Investment and Promotion Board (BPMP) of North Sumatra Province which was established in 2008, and the Integrated Licensing Service Agency (BPPT) of North Sumatra Province which was established in 2010. Merger 2 (two) these bodies are the mandate of PP number 18 of 2016 concerning regional apparatus.

4.1 Duties and Functions of One-Stop Integrated Investment and Licensing Service

One-Stop Integrated Investment and Licensing Service, carries out the following functions:

- a. Formulation of climate development policy, promotion, service, implementation control, investment data and information, implementation of one-stop licensing by the scope of work;
- b. Implementation of climate development policies, promotions, services, implementation control, investment data and information, implementation of one-stop licensing following the scope of their duties;
- c. Implementation of climate development evaluation, promotion, service, implementation control, investment data and information, implementation of one-stop licensing by the scope of work;
- d. Implementation of climate development administration, promotion, service, implementation control, investment data and information, implementation of one-stop licensing by the scope of duties;

- e. Implementation of other tasks assigned by the Governor related to its duties and functions
- j. Performing the Presentation and Utilization of Licensing and Non-Licensing Data and Information based on the Electronically Integrated Business Licensing Service System.

4.2 Strategy of One-Stop Integrated Investment and Licensing Service Province of North Sumatra in Increasing Investment in North Sumatra Province During the Covid-19 Pandemic

The following are the forms of strategies or efforts carried out by the One-Stop Integrated Investment and Licensing Service Office Province North Sumatra to increase investment in North Sumatra Province based on the indicators:

1. Improving the quality of investment planning.

The strategy carried out by the One-Stop Integrated Investment and Licensing Service Province of North Sumatra to improve the quality of investment planning in North Sumatra Province is to carry out activities to promote investment potential and opportunities in North Sumatra Province. The investment promotion strategy carried out by the One-Stop Integrated Investment and Licensing Service Office North Sumatra Province to increase investment is to carry out promotional activities as follows:

- a. Create a digital business designing competition
- b. Provide facilities for visits to leading investment projects in North Sumatra Province with Prospective Investors and Business Actors.
- c. Conducting Business Gatherings and Business Trips with Consuls of friendly countries and Business Actors.
- d. Updating the Investment and Investment Potential and Opportunity Information System.
- e. Conducting Public Consultation RUPM DISPMPTSP North Sumatra Province in 2019
- f. Improving Facilities for the Realization of Strategic Cooperation Between Large Businesses and SMEs
- g. Formulate Investment Policy for Infrastructure Facility Development.
- h. Conducting a Seminar on Cooperation and Partnership between PMA and PMDN with MSMEs throughout North Sumatra.
- i. Conducting Business Meetings to Accelerate Promotion of Regional Investment Potential.

2. Improving the Quality of Investment Cooperation

The strategy carried out by the One-Stop Integrated Investment and Licensing Service North Sumatra Province to improve the quality of investment cooperation is to implement the North Sumatra Invest Cooperation (NSI). Through the North Sumatra Invest (NSI) collaboration platform, the North Sumatra Provincial Government held a Dedicated Team Meeting (DTM) together with the Bank Indonesia Representative Office (BI) of North Sumatra Province to promote investment projects in North Sumatra. A dedicated Team Meeting (DTM) is a routine meeting held by the relevant OPD who are members of North Sumatra Invest. This activity is a forum for communication and collaboration across agencies and sectors to find formulations and strategies that are right on target to attract investors to invest, as well as a facility to accelerate the development of priority facilities and infrastructure in the North Sumatra Province so that it can absorb labor and improve the economics of North Sumatra Province.

North Sumatra Invest (NSI) is a cross-agency work team at the Provincial and Regency/City levels in North Sumatra Province which has the aim of increasing investment realization through promotional activities in the context of improving the economics of North Sumatra which was formed based on the Decree of the Governor of Sumatra Number 188.44/167/ KPTS/2020 on North Sumatra Investment.

The existence of a cooperation forum between the Regional Government and Bank Indonesia is very important to encourage the increased realization of investment in the regions, in this case especially the Province of North Sumatra. North Sumatra Invest (NSI) will also participate in business matching activities held virtually by Bank Indonesia in collaboration with the Indonesian Embassy in Paris and Relecom Partner Paris. Currently, North Sumatra Invest (NSI) offers 7 investment projects in North Sumatra Province, which are as follows:

- a. SEI Mangkei SEZ,
- b. Kuala Tanjung Industrial Estate,
- c. Toba Lake,
- d. sports center,

- e. Integrated Flats,
- f. LRT Mebidang, and
- g. Siantar-Parapat Railway

3. Improving the Quality of Investment Services.

The strategy carried out by the One-Stop Integrated Investment and Licensing Service Province Sumatra Utara to improve the quality of investment services is to implement Public Service Innovations. One-Stop Integrated Investment and Licensing Service North Sumatra Province has innovated by launching an online licensing management system or better known as Online Single Submission (OSS). In addition, the One-Stop Integrated Investment and Licensing Service Office North Sumatra Province has also launched an online public service system from the One-Stop Integrated Investment and Licensing Service official website through an online licensing management system or better known as SIAPLAYANI.

Previously, licensing services were managed through a manual process, but now it is in line with the conditions being hit by the COVID19 pandemic and supported by information technology so that the speed, accuracy, and also the capacity to complete all permits are better and easier than before. This is by Government Regulation no. 24 of 2018 concerning Electronically Integrated Business Licensing Services. The One-Stop Integrated Investment and Licensing Service Office North Sumatra Province has also innovated in providing licensing and investment services on an online basis.

4. Increasing the Effectiveness of Investment Promotion

The strategy carried out by the One-Stop Integrated Investment and Licensing Service Province North Sumatra to increase the effectiveness of investment promotion in North Sumatra is to carry out various promotional activities. Promotional activities play an important role in providing information about potential and investment opportunities for investors or business actors. Investors or business actors will not be able to find out about the potential and investment opportunities that exist without a publication or promotion process that can provide information. The promotions carried out by the One-Stop Integrated Investment and Licensing Service are through the following methods:

- a. Online Promotion
- b. Appoint Promotional Agents Abroad.

- c. Creating Promotional Materials through various promotional media in Indonesian, English, and Chinese.
- d. Conducting SMS-based Investment Promotion.
- e. Publication of Investment Promotion in North Sumatra Province through Electronic Media.
- f. Building a Regency/City Investment Promotion Database Application in North Sumatra
- g. Promoting North Sumatra Investments at AudioVisual Airport Facilities, International Airports, and other strategic places.
- h. Conducting Online Investment Promotion based on Mobile Applications

These strategies and efforts are specifically carried out by the One-Stop Integrated Investment and Licensing Service Province North SUMATRA to increase investment in North Sumatra Province as stated in the 2021 Rencana Kerja (RENJA) of the Investment and Service Office North Sumatra Province. It is hoped that in the future, the implementation of these strategies or activities can have an impact on increasing investment in North Sumatra Province.

The strategy of One-Stop Integrated Investment and Licensing Service Province of North Sumatra to increase investment in the Province of North Sumatra has carried out several strategies. The first strategy is to improve the quality of investment planning such as making a digital business design competition, providing facilities for visits to superior investment projects in North Sumatra Province, conducting Business Gatherings and Business Forums abroad; conducting Business Gatherings and Business Forum with consuls of friendly countries and business actors;

Improve the quality of investment planning such as making a digital business design competition, providing facilities for visits to superior investment projects in North Sumatra Province, conducting Business Gatherings and Business Forums abroad; conducting Business Gatherings and Business Forum with consuls of friendly countries and business actors;

And the fourth strategy carried out by the One-Stop Integrated Investment and Licensing Service of North Sumatra Province is to increase the effectiveness of investment promotions such as

conducting online promotions, appointing promotional agents abroad, creating investment promotion forums between regions, conducting SMS-based investment promotions, conducting investment promotions through electronic media. Build an investment promotion database per regency/city in North Sumatra Province, conduct investment promotion in North Sumatra

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