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Good Governance In Golden Visa Policy To Increase Investment And Attract Investors (A Research Study At The Class I Special Immigration Office Tpi Batam)

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ABSTRACT

Implementing the Golden Visa policy by the Indonesian government is a strategic step to enhance investment competitiveness and encourage long-term foreign investors into the country, particularly within Special Economic Zones (KEK). In the context of its implementation in Batam City, the Class I Special Immigration Office TPI Batam plays an essential role in carrying out this policy, which should be aligned with the principles of good governance such as transparency, accountability, effectiveness, and legal certainty. This study aims to analyse the legal framework, implementation mechanisms, challenges, and solutions in the implementation of the Golden Visa policy, emphasising the application of good governance by immigration institutions as facilitators of national development. This research uses normative juridical and empirical juridical approaches. The normative approach studies laws and regulations such as Law Number 6 of 2011, Minister of Law and Human Rights Regulation Number 22 of 2023, and Ministry of Finance Regulation Number 82 of 2023. Meanwhile, the empirical approach is obtained through interviews with immigration officials, investors, and Batam's Special Economic Zone authority. The data is analysed using Lawrence M. Friedman's legal system theory as the grand theory, Gustav Radbruch's theory of justice as the middle theory, and Mochtar Kusumaatmadja's legal development theory as the applied theory. The research results show that although the regulations and mechanisms for the Golden Visa policy are already in place, its implementation still faces various obstacles, such as regulatory disharmony, limited human resources, and minimal understanding among foreign investors. Therefore, efforts are needed to harmonise cross-sectoral policies and strengthen digital-based service systems. Applying sound governance principles is key to increasing investor confidence and positioning the Immigration Office as a strategic instrument in supporting national economic development.

Keywords: Good Governance, Golden Visa, Investor

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INTRODUCTION

Indonesia, a developing Southeast Asian nation, is endeavouring to enhance its appeal to foreign investment to bolster national economic growth. This initiative is being executed through various mechanisms, encompassing the development of fiscal strategies, the streamlining of permits, and the establishment of immigration regulations. Within the framework of globalisation, immigration policies transcend their traditional role as mere regulators of foreign movement; they now serve as pivotal tools of economic diplomacy that can enhance investor confidence and bolster the national development agenda (Law Number 6 of 2011 concerning Immigration).

A recently enacted strategic initiative is the Golden Visa, which provides long-term residence permits to foreign nationals who make a specified investment. This policy is governed by the Minister of Law and Human Rights Regulation Number 22 of 2023, which pertains to Visas and Residence Permits. It is further supported by the Minister of Finance Regulation Number 82 of 2023. Implementing the Golden Visa policy is anticipated to offer legal clarity and ease for foreign investors aiming to invest in Indonesia, concurrently aiding the objective of enhancing Foreign Direct Investment (FDI) (Ministry of Law and Human Rights, 2023; Ministry of Finance, 2023).

The concept of the Golden Visa has long been established on a global scale. Several nations have effectively employed it as a mechanism to enhance investment. Portugal exemplifies a notable case of enhancing its property and tourism industries via the Golden Visa program, initiated in 2012, which has generated more than €5 billion in investments during its initial decade of operation (Rahmawati, 2021). The United Arab Emirates has strategically employed the Golden Visa to draw in global talent within technology and innovation (Arifin, 2022). In the interim, Singapore has instituted the Global Investor Program (GIP), which bestows permanent residency upon investors who significantly contribute to the nation's economy (Wahyudi, 2020). The findings indicate that the intricacies of policy formulation significantly influence the efficacy of the Golden Visa, the allure of economic incentives, and the operational competence of the institutions responsible for its implementation.

Within the Indonesian framework, Batam City is pivotal as the site for executing the Golden Visa. Batam, recognised as a Special Economic Zone (SEZ) and the primary conduit for investment in western Indonesia, is distinguished by its geographical advantages, proximity to Singapore, and the swift advancement of its port and industrial infrastructure. Given its potential, Batam is anticipated to serve as a paradigm for executing the Golden Visa, with the capacity to enhance foreign investment influx in the manufacturing, logistics, tourism, and technology sectors (Rumapea, 2025).

Nonetheless, the execution of the Golden Visa policy in Indonesia continues to encounter a range of obstacles. Included are inconsistencies in regulations across institutions, a constrained capacity of human resources, and a lack of comprehension regarding relevant procedures by foreign investors. Protracted bureaucratic impediments and insufficient inter-agency coordination frequently pose challenges for investors. This scenario could compromise the policy's fundamental aim: foster a conducive, transparent, and competitive investment environment (Dwiyanto, 2006).

Within this framework, the principle of effective governance is crucial in assessing the efficacy of the Golden Visa policy. The UNDP (1997) asserts that effective governance prioritises transparency, accountability, efficacy, adherence to the rule of law, active participation, and responsiveness within governmental operations. Through the application of these principles, the relevant institutions, notably the Batam Class I Special Immigration Office (TPI), are anticipated to deliver public services that are both efficient and dependable. This is essential for enhancing the confidence of foreign investors and reinforcing the government's legitimacy in investment management (Thoha, 2015).

Implementing the Golden Visa must consider aspects of justice and legal certainty. Gustav Radbruch asserted that the law should possess not only formal validity but also fairness and societal benefit (Radbruch, 2006). In this context, the issuance of residence permits to foreign investors should be accompanied by a robust oversight mechanism to mitigate potential adverse effects, including the misuse of permits, foreign economic dominance, and social inequality. The Golden Visa policy should yield advantages for foreign investors and the local community.

Mochtar Kusumaatmadja perceives law as an instrument of social engineering from the standpoint of legal development. The Golden Visa serves as a legal mechanism to promote development via investment. The effectiveness of its implementation is primarily influenced by the degree to which immigration law aligns with national investment policies and fosters a favourable business environment (Kusumaatmadja, 2002).

Thus, examining the Golden Visa policy is pertinent within the framework of state administrative law and essential for analysing its connection to good governance. Examining the Class I Special Immigration Office of TPI Batam role in executing good governance within the Golden Visa policy aims to yield academic and practical insights that support Indonesia's economic development objectives in the context of globalisation.

RESEARCH METHOD

This study employs a normative legal methodology and an empirical legal methodology. This normative legal analysis was performed by scrutinising the pertinent laws and regulations underpinning the Golden Visa policy, including Law Number 6 of 2011 on Immigration, Minister of Law and Human Rights Regulation Number 22 of 2023 on Visas and Stay Permits, and Minister of Finance Regulation Number 82 of 2023 on the Issuance of Golden Visas. A literature review encompassed books, journals, prior research findings, and official documents pertinent to immigration and investment matters.

Concurrently, an empirical legal methodology was employed to augment the normative analysis by collecting field data. Primary data was acquired via comprehensive interviews with officials from the Batam Class I Special Immigration Office (TPI), foreign investor representatives, and administrators of the Batam Special Economic Zone (KEK). Secondary data was acquired from archives, official agency papers, and publications concerning investment and immigration policy.

The employed analytical method was qualitative analysis, incorporating legal theory and the principle of good governance. The analysis utilised Lawrence M. Friedman's legal system theory as a grand theory, Gustav Radbruch's theory of justice as a middle theory, and Mochtar Kusumaatmadja's theory of legal development as an applied theory. This framework investigates the correlation of legal substance, institutional structure, and legal culture in executing the Golden Visa policy in Indonesia, specifically in Batam City. The outcomes of these two methodologies are anticipated to yield a thorough analysis of legal rules, implementation methods, and challenges and remedies in executing the Golden Visa program.

RESEARCH RESULT

1. Legal Arrangements of the Golden Visa Policy

The research findings demonstrate that a robust legal foundation underpins Indonesia's Golden Visa policy. Law Number 6 of 2011 about Immigration constitutes the principal framework governing residency permits for foreign nationals, including investors. This legislation authorises the government to formulate particular policies for the national interest, including the issuance of investment-based residency permits. This policy is elucidated by the Minister of Law and Human Rights Regulation Number 22 of 2023 on Visas and Residency Permits, which explicitly governs the Golden Visa as a category of long-term residency visa. Additionally, Minister of Finance Regulation 82 of 2023 establishes minimum investment prerequisites foreign investors must fulfil, such as business capital, acquisition of government bonds, or investment in priority areas.

The study revealed that this program's legal foundation complies with the rule of law, characterised by clear, documented, and binding regulations. Foreign investors possess legal certainty, underpinned by a robust legal framework essential for investment decisions. Nonetheless, despite legislation, there are deficiencies in the alignment between these regulations, especially with immigration provisions and national investment policies overseen by the Ministry of Investment/BKPM and the Special Economic Zone (KEK) authorities.

In Batam City, a critical Special Economic Zone, immigration rules have not been properly aligned with regional investment regulations. This engenders the possibility of overlapping jurisdictions and protocols, jeopardising the timely issuing of residency permits for investors. For instance, despite implementing the Online Single Submission (OSS) system, the coordination between the OSS system and the immigration service system has been suboptimal. This situation suggests that technical implementation regulations require enhancement to guarantee the policy's efficacy.

Moreover, it was determined that the legal frameworks governing the Golden Visa have not entirely embraced the tenets of good governance. While procedural transparency has been achieved,

accountability and oversight for implementation remain ambiguous. The absence of a framework for regular policy performance assessment is a considerable issue, as without quantifiable evaluation, it is challenging to guarantee that policy objectives are effectively met.

2. Golden Visa Implementation Mechanism in Batam

The Batam Class I Special Immigration Office (TPI) is responsible for implementing the Golden Visa in Batam, serving as the primary immigration service provider. The Golden Visa granting mechanism comprises four primary phases, as indicated by interviews with immigration officials. At first, foreign investors apply the Online Investment System (OSS) by attaching the necessary investment documents. Secondly, immigration officials verify the application to guarantee the validity and completeness of the documents. Third, a Golden Visa, a type of stay permit, is issued for 5 to 10 years upon the completion of the documents. Fourth, investor activity is monitored to guarantee the investment is executed as anticipated.

This mechanism has not been entirely efficacious in practice. The Batam Immigration Office's inadequate digital infrastructure is one of the identified challenges. Even though the OSS is in use, system integration with immigration frequently encounters technical difficulties, including delays in data synchronisation. Additionally, the document verification process requires significant time due to the manual execution of specific procedures. This directly opposes the policy's objective of offering foreign investors expedited and effective services.

The research also demonstrated that the Golden Visa policy is not well-known to the general public, including foreign investors and local stakeholders. A significant number of investors do not fully comprehend the procedures and benefits of this policy, which leads to a lack of interest in enrolling. A number of respondents deemed the official immigration website's information obscure, necessitating additional support.

Inter-agency coordination is an additional obstacle to implementation, in addition to technical issues. The Batam Immigration Office continues to encounter coordination challenges with local governments and Special Economic Zone (SEZ) authorities, particularly in the context of investor supervision. The absence of cross-sectoral cooperation mechanisms has led to suboptimal monitoring of Golden Visa holders. This situation has the potential to establish legal vulnerabilities that could be exploited by specific parties to abuse their residence permits.

3. Obstacles and Solutions to Golden Visa Implementation

The research identified three primary barriers to implementing the Golden Visa in Batam. Initially, a regulatory inconsistency exists between immigration policies and regional investment policies. The bureaucratic process is characterised by lengthiness and complexity. The Batam Immigration Office has limited human resources in terms of quantity and proficiency in information technology. Immigration officials require further training to manage digital systems effectively. The insufficient comprehension among foreign investors regarding the procedures and advantages of the policy diminishes its appeal during the initial implementation phases.

Several solutions are proposed to address these obstacles. Regulatory harmonisation is essential through developing derivative regulations that unify immigration and investment policies, especially in Special Economic Zones (SEZ) such as Batam. The government should enhance the capacity of immigration institutions by improving digital infrastructure, increasing the number of professional staff, and offering regular training for officials. Third, enhanced outreach is required via diverse media channels, both nationally and internationally, to ensure that potential investors comprehend the advantages and processes associated with this policy.

The study recommends the establishment of an integrated inter-agency oversight system. The Batam Immigration Office may collaborate with the Ministry of Investment, local governments, and port authorities to oversee the realisation of Golden Visa holders' investments. Effective oversight can reduce the risk of misuse of stay permits and enhance investor confidence in the government's dedication to fostering a favourable investment environment.

This study confirms that the Golden Visa policy has substantial potential to attract foreign investment, especially in strategic regions such as Batam. The policy's effectiveness is contingent upon regulatory enhancements, augmented institutional capacity, and the consistent application of sound governance principles.

DISCUSSION

1. Legal Regulation of Golden Visa from a Good Governance Perspective

The findings demonstrate that regulations governing the Golden Visa exist under Law No. 6 of 2011, Minister of Law and Human Rights Regulation No. 22 of 2023, and Minister of Finance Regulation No. 82 of 2023. Despite the established legal framework, inconsistencies between regulations and investment policies in Special Economic Zones (SEZs) persist. This scenario corresponds with Lawrence M. Friedman's (2009) perspective on legal systems theory, which posits that law comprises not only norms (legal substance) but also institutional frameworks and legal culture. Effective regulations require coordination between legal frameworks and a flexible bureaucratic culture.

The regulatory inconsistencies in Batam reveal deficiencies in the legal framework, as immigration agencies, local governments, and SEZ authorities remain inadequately integrated. Legal harmonisation aligns with the principles of good governance and is integral to the rule of law, which necessitates certainty, consistency, and fairness in the implementation of policies (UNDP, 1997). Implementing the Golden Visa inadequately embodies these principles, attributable to bureaucratic deficiencies and ambiguous inter-agency coordination.

This is consistent with Wahyudi's (2020) research findings, which identified the shortcomings of Indonesia's limited stay visa policy. The individual indicated that immigration bureaucracy frequently poses administrative challenges for investors because of the absence of straightforward and uniform regulations. The legal framework for the Golden Visa requires ongoing enhancement to align more closely with the principles of good governance.

2. Golden Visa Implementation Mechanism and Administrative Challenges

The Golden Visa policy in Batam has adhered to formal procedures, encompassing application submission, document verification, and the issuance of residence permits. Research indicates the presence of administrative obstacles, including delays in data synchronisation, inadequate digital infrastructure, and insufficient outreach. This phenomenon supports Friedman's assertion that the efficacy of the law is predominantly influenced by the performance of the implementing agency (legal structure). If the implementing agency lacks responsiveness or has limited capacity, the law's substance will fail to meet its objectives.

Policy implementation mechanisms should prioritise transparency, accountability, and efficiency to ensure effective governance. Nonetheless, practices in Batam continue to exhibit manual processes and an absence of clear information for prospective investors. This may jeopardise public trust, particularly among foreign investors familiar with rapid digital services. Dwiyanto (2006) asserted that a sluggish and opaque public bureaucracy can erode the legitimacy of governmental policies.

Implementing the Golden Visa in Indonesia is comparatively less advanced than in other countries. Portugal attracted over €5 billion in investment during the initial five years of the Golden Visa program, attributed to its straightforward and transparent service mechanism (Rahmawati, 2021). This analysis indicates that Indonesia must enhance its digital service infrastructure and augment human resource capabilities to improve the competitiveness of the Golden Visa mechanism.

3. Kendala dan Solusi: Perspektif Keadilan dan Pembangunan Hukum

The primary challenges to implementing the Golden Visa in Batam include regulatory inconsistencies, insufficient human resources, and a lack of understanding among foreign investors. According to Gustav Radbruch, public policy should embody three fundamental legal values: justice, certainty, and benefit. When investors encounter intricate bureaucracy and insufficient information, the principle of procedural justice is not fulfilled. This may foster the perception of discrimination, wherein only investors with privileged access or particular networks can take advantage of this policy.

The limited capacity of immigration officials undermines legal certainty, as slow and inconsistent service generates uncertainty for foreign investors. Legal certainty significantly influences investment decisions in the investment sector (Salim & Sutrisno, 2018). The Golden Visa policy necessitates accompanying bureaucratic reform prioritising fairness, transparency, and legal certainty for all stakeholders.

Mochtar Kusumaatmadja posits that the law serves as an instrument of social engineering. The Golden Visa aims to promote economic development by facilitating increased investment. Failure to promptly address regulatory and institutional constraints will hinder the law's effectiveness as a development tool. Consequently, proposed measures, including regulatory harmonisation, service digitisation, and policy dissemination, are essential for the law to catalyse national development effectively.

4. Practical and Academic Implications

This research underscores the government's need to enhance cross-sectoral coordination in executing the Golden Visa program. The Ministry of Law and Human Rights, Investment, and local governments must cooperate to establish an efficient, transparent, and accountable service system. This will facilitate the practical implementation of good governance concepts and bolster investor trust in the Indonesian legal system.

This research enhances the examination of the correlation between immigration policy and economic development. This study offers a novel contribution by examining the implementation of the Golden Visa in Indonesia, specifically in Batam City, a strategic Special Economic Zone (SEZ). In contrast, prior research has concentrated exclusively on restrictive visa policies (Wahyudi, 2020) or conducted comparative analyses of Golden Visa policies across nations (Rahmawati, 2021). This research may serve as a significant reference for formulating investment-based immigration policy in the future.

CONCLUSION

The subsequent conclusions can be derived from the discussion in the preceding chapter:

1. The legal regulations governing the role of the Batam Class I Special Immigration Office (TPI) in the implementation of the Golden Visa policy are firmly established, with Law Number 6 of 2011 concerning Immigration, Minister of Law and Human Rights Regulation Number 22 of 2023, and Minister of Finance Regulation Number 82 of 2023 serving as the foundation. Nevertheless, in order for the immigration function to truly catalyse competitive economic development, it is necessary to synchronise regulations and align them with national investment policies in order to achieve the principles of good governance, including transparency, accountability, and legal certainty.

2. The Batam Class I Special Immigration Office (TPI) attempts to implement sound governance principles, including service efficacy through a digital system, cross-agency coordination, and standardised administrative procedures, through the implementation mechanism of the Golden Visa policy. By collaborating with regional and national agencies and utilising the system for receiving, verifying, and issuing stay permits for investors, the Immigration Office has effectively fulfilled its responsibilities. Nevertheless, enhancing reporting and periodic evaluation is still necessary to guarantee that policy implementation has a genuine positive effect on investment growth.
3. The Golden Visa policy's implementation in Batam City continues encountering numerous challenges, such as a lack of coordination between central and regional regulations, an unequal immigration technology infrastructure, and a lack of comprehension of the Golden Visa procedures among foreign investors. In order to confront these obstacles, institutional capacity building is required. This can be achieved by implementing a comprehensive information campaign for potential investors, enhancing technical regulations, providing an integrated digital service system, and providing officer training. By implementing these solutions, the principles of good governance can be further internalised in immigration governance, fostering a competitive and healthy investment climate.

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