

IMPLEMENTATION OF THE INVESTMENT ACTIVITY REPORT (IAR) POLICY AT THE INVESTMENT ONE-STOP INTEGRATED SERVICES OFFICES OF PONTIANAK CITY

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Abstract

This thesis aims to provide an understanding of the implementation of the Investment Activity Report (IAR) policy at the Investment and One-Stop Integrated Services Office of Pontianak City. The research issues include the limited number of business actors submitting IAR, limited personnel in implementation, and the absence of strict sanctions for non-compliant business actors. These conditions have an impact on the released investment realization data being less than optimal. This study uses a qualitative method with Charles O. Jones's policy implementation theory, covering organizational, interpretation, and application aspects. The results of the study indicate obstacles in implementation, namely: organizational aspects, the number of human resources and infrastructure is inadequate; interpretation aspects, there has been no special socialization of IAR for business actors; application aspects, many business actors still do not submit IAR and sanctions have not reached all violators. Recommendations for this study include increasing human resources and infrastructure, increasing IAR socialization to business actors, and implementing rewards and punishments to encourage compliance.

Keywords: *Implementation, IAR, Organization, Interpretation, Application*

INTRODUCTION

National development demands synergy between the government and the public to achieve sustainable economic growth. Investment, both domestic and foreign, plays a strategic role as a key driver of the economy. Law Number 25 of 2007 emphasizes that investment encompasses all forms of investment to develop businesses in Indonesia. Investment is believed to create jobs, encourage exports, facilitate technology transfer, and reduce poverty (Putri & Manisha, 2021; Pambudi, 2022). In the regional context, optimizing investment is expected to strengthen the local economy and improve community welfare. Therefore, implementing sound investment policies is key to maintaining a conducive business climate and achieving equitable development across regions. Pontianak City, as a center of trade and services, has significant potential to attract investment. However, submission of Investment Activity Reports (IAR) remains low. Data from the Investment and Private Sector Service (IPSS) of Pontianak City indicates that reporting requirements are not yet optimal.

Table 1. IAR Submission Data in Pontianak City

Year	Mandatory IAR	Report	Percentage
2021	99	8	8,1%
2022	230	18	7,8%
2023	132	22	16,7%

Sumber: IPSS Pontianak City, 2024

The lack of compliance by business actors in submitting IAR (Investment Report) indicates a gap between policy and implementation on the ground. This situation impacts the accuracy of investment realization data, which should serve as the basis for evaluating regional development performance. Furthermore, the limited number of IPSS

personnel handling IAR worsens the effectiveness of oversight. IAR data is crucial for the government as a benchmark for economic policy and communication with business actors. If this is not addressed, the investment climate in Pontianak City has the potential to be less than optimal, hampering the achievement of development goals. Therefore, research on the implementation of IAR policy is crucial to provide an in-depth overview of obstacles, opportunities for improvement, and recommendations for enhancing business actor compliance and the effectiveness of regional investment governance. This study aims to analyze the implementation process of the IAR policy at the Pontianak City Investment and Private Sector Service (IPSS). The focus of the study is directed at the implementation of IAR reporting obligations, the role of human resources, and the application of sanctions for business actors. Theoretically, this research is expected to enrich the study of public policy implementation in the investment sector. Practically, the research results can serve as a reference for local governments and business actors to increase IAR reporting compliance, improve investment data quality, and promote a more conducive business climate.

LITERATURE REVIEW

Public Policy Concept

According to Thomas R. Dye (in Islamy, 2009:19), defines public policy as "is whatever government chooses to do or not to do" which means "whatever the government chooses to do or not to do". David Easton (in Thoha, 2003:62) defines that public policy is the allocation of authoritative values for the whole society, but only the government can act authoritatively for the whole society, and everything that the government chooses to do or not to do is the result of the allocation of these values.

Public Policy Implementation Concept

Policy implementation is one of the most important stages of all stages in the formulation of public policy. Wahab (2004:59) states that policy implementation is not merely related to the mechanism of translating political decisions into routine procedures through bureaucratic channels, but more than that, namely concerning the issues of conflict, decisions and who gets what from a policy. According to Bressman and Wildansky in Agustino (2006:198) stated that policy implementation is a process of interaction between a set of goals and actions that are able to achieve the goals.

Public Policy Implementation Theory

Jones (1996:294) said that Implementation is ordering the work to be done and doing it. There are three activities as pillars in implementation, namely: 1) Organizing: Formation or rearrangement of resources, units and methods to make the program run, 2) Interpretation: Interpreting the program (often in terms of status) into a plan and direction that is appropriate and can be accepted and implemented, and 3) Implementation: Routine provisions of services, payments or others that are adjusted to the objectives or equipment of the program.

Capital investment

Law Number 25 of 2007 concerning Investment in Article 1 number 1 explains that investment is any form of investment activity, both by domestic investors and foreign investors to conduct business in the territory of the Republic of Indonesia. According to Supanca (2006:1) the term investment is a more popular term in the business world, while the term capital investment is more widely used in legal language. However, basically the two terms have the same meaning so that they are sometimes used interchangeably. Previous studies are a series of published research findings that serve as references for ongoing and future research. Their purpose is to compare the latest research findings with previous results to identify similarities and differences. In this section, researchers present studies that are relevant to the current study.

Table 2. Previous Research

No	Name, Year, Source, Research Title and Location	Research result	Similarities and Differences
1	Diah Andani, 2022, Scientific Journal of Public Administration, Implementation of Investment Policy in an Effort to Increase Investment in Subang Regency.	Of the total quarterly permits issued, only 40% of investors report investment activities. This is driven by low human resource capacity in Subang Regency and business actors' lack of understanding of government systems. Most business actors have lower secondary education and therefore are not up to date with developments in information technology, resulting in low compliance with investment reporting requirements.	The similarities lie in the research aspects, namely the Investment Activity Report (IAR), and the use of a qualitative descriptive approach. The differences lie in the theory used to analyze the problem and the research location. The former used Edward III's policy implementation theory and was conducted in Subang Regency. The latter used Charles O. Jones's implementation theory and was conducted in Pontianak City.
2	Anita Agustina, 2022, Journal of Public Administration and Development, Implementation of BKPM Regulation Number 6 of 2020 concerning Procedures for Controlling and Implementing Investment in Balangan Regency	This study uses William N. Dunn's (2017) policy analysis, focusing on mechanisms, resources, infrastructure, and the policy environment. The results indicate that low IAR reporting in Balangan Regency is due to limited staff, minimal outreach, business locations far from the city center, limited online facilities, and low business awareness due to the absence of strict sanctions in BKPM Regulation No. 6/2020.	The similarities lie in the aspects studied, namely the Investment Activity Report (IAR), which employed a qualitative descriptive approach, employing the policy analysis theory proposed by William N. Dunn, and the research was conducted in Balangan Regency. Meanwhile, the researcher employed the implementation theory by Charles O. Jones, with the research location being Pontianak City.

METHOD

This study uses a descriptive method with a qualitative approach. The focus of the research is directed at organizing, interpreting, and applying IAR policies in a real social context. The research location was determined at the IPSS Pontianak City with informants selected by purposive sampling, including structural officials, investment control staff, and business actors as policy subjects. Data were obtained through observation, semi-structured interviews, and documentation, with the researcher as the key instrument. Data analysis was conducted interactively through reduction, presentation, and verification, while data validity was guaranteed by triangulation of sources and techniques. This method is expected to comprehensively describe the dynamics of IAR policy implementation and the factors that influence the level of business actor compliance.

RESULTS AND DISCUSSION

The Investment and One-Stop Integrated Services Offices of Pontianak City is the implementing agency for the Investment Activity Report (IAR) policy in accordance with BKPM Regulation Number 5 of 2021. The IPSS's primary task is to assist the Mayor in investment matters and licensing services, with a clear organizational structure and 32 employees with diverse educational backgrounds. This agency provides various types of licensing and non-licensing services in an integrated manner, based on the principles of ease, speed, transparency, and accountability, ranging from business permits to health and education permits. Furthermore, through its 2024–2026 strategic plan, the IPSS targets improving the quality of public services and increasing the value of regional investment with indicators such as the Community Satisfaction Index (CSI) and investment value realization, which serve as important foundations for measuring the success of the IAR policy implementation in Pontianak City. The implementation of the Investment Activity Report (IAR) policy at the Pontianak City Investment and Investment Coordinating Board demonstrates a clear organizational structure, with hierarchical coordination from the BKPM at the central level, through the Provincial IPSS, to the IPSS of Pontianak City. In practice, IAR affairs are handled by

a junior expert policy analyst and one data management staff member, although this number is still insufficient compared to the large number of business actors who must be served. Internal and external coordination runs well through routine quarterly meetings and regular monitoring of the OFR (Online Financial Reporting) system, although limited facilities such as old computers and the lack of a dedicated helpdesk remain obstacles. This finding aligns with Jones' (1984) research, which emphasized that successful policy implementation depends on adequate organization, coordination, and resources. Thus, despite a well-organized organizational structure, limited human resources and facilities hamper the effectiveness of IAR implementation in Pontianak City.

The interpretation phase shows that although the IAR technical guide is available through the OFR system and is accompanied by online tutorials, many business owners still struggle to understand the technical terms and the complexity of the fields. IAR socialization has not been implemented specifically, but rather is included in technical guidance for business licensing, which is mostly attended by micro, small, and medium enterprises (MSMEs) that are not required to report to the IAR. Consequently, many business owners do not understand the obligations or benefits of IAR reporting, and some only learned this information from relatives. This situation aligns with the findings of Edwards III (1980) that clear communication and policy socialization are crucial for successful implementation. Previous research by Sulistiani (2020) also emphasized the importance of technical guidance and intensive socialization to encourage active business participation. Therefore, weaknesses in the interpretation phase indicate that despite the availability of technical instruments, their effectiveness is low due to a lack of direct socialization with target groups.

The implementation of the IAR policy in Pontianak City has not been optimal. Implementation is carried out through supervision and mentoring of business actors, but there is no specific program focused on IAR. The main obstacle is low awareness among business actors. Some believe IAR reporting only adds to the administrative burden, while others fear that investment data will be linked to taxes. Furthermore, disruptions in the OFR system during the reporting period (months 1–10 of each quarter) exacerbate low participation. Implementer compliance with the technical guidelines from the Investment Coordinating Board (BKPM) is good, but engagement among business actors targeted by the policy remains minimal, as evidenced by the large number of companies that have not yet reported IAR. Sanctions have also not been effective because authority rests with the central government, so not all business actors who neglect their obligations receive warnings. These results align with research by Nugroho (2017), which emphasizes the need for active community participation in policy implementation. This means that without business actor awareness and consistent enforcement of sanctions, IAR implementation cannot achieve its full objectives.

CONCLUSION

Based on the research results, the implementation of the Investment Activity Report (IAR) policy at the IPSS of Pontianak City shows that in terms of organization, there is a good institutional structure and coordination, but it is still hampered by a lack of human resources and supporting infrastructure, including the absence of a dedicated helpdesk. In terms of interpretation, although technical instructions are available, their utilization is not optimal and specific socialization to business actors is still minimal. In terms of application, implementer compliance has been running well according to the technical guidelines, but implementation in the field is still hampered by low understanding of business actors, technical obstacles in the OFR system, and suboptimal community involvement. Therefore, it is recommended to add trained personnel and provide supporting facilities for the IAR, increase the intensity of socialization through technical guidance, digital media, and the front office, and improve the OFR system to be more responsive. In addition, it is necessary to implement rewards in the form of priority services for compliant business actors and strict punishment for negligent ones, in order to increase compliance and create a more conducive investment climate in Pontianak City.

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