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Government Responsibility Towards Handling Investment Conflicts In Central Java

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Abstract
The purpose of this study is to improve understanding of the importance of government responsiveness in handling investment conflicts in Central Java. To determine the efforts made by the Central Java government to improve its responsiveness in handling investment conflicts. To analyze the level of responsiveness of public complaint services regarding investment in Central Java which is experiencing a decline and is hampered by the problem of expensive land. The research method used is descriptive qualitative with an empirical field study approach. Data collection was carried out through observation, interviews, and documentation studies on the implementation of Law Number 25 of 2007 concerning Investment in Central Java. The results show that the responsiveness of the Central Java Provincial Government in resolving investment conflicts rests on the capabilities of proactive and mediative regional leadership. The escalation of land dispute conflicts was successfully reduced through a strategy of standardizing land value zoning, optimizing the Integrated Industrial Zone (KIT), and implementing an inclusive compensation scheme based on the "compensation for profit" concept that empowers the economy of affected residents. The integration of accountable services and transparency of public information has proven effective in minimizing information asymmetry and social resistance at the grassroots level. The conclusion of the study confirms that the level of regional leadership is the main determining factor in the success of investment conflict management, but its sustainability requires the institutionalization of an early warning system so that it does not only depend on the figure of the regional head alone. Keywords: Government Responsiveness, Investment Conflict, Land Obstacles, Regional Leadership, Central Java.
Keywords: Conflict, Investment, Central Java.

Abstrak
Tujuan penelitian ini adalah untuk meningkatkan pemahaman mengenai pentingnya responsivitas pemerintah dalam menangani konflik investasi di Jawa Tengah, serta mengidentifikasi upaya yang dilakukan pemerintah Jawa Tengah untuk meningkatkan responsivitas tersebut. Penelitian ini juga menganalisis tingkat responsivitas layanan pengaduan publik terkait investasi di Jawa Tengah, yang saat ini mengalami penurunan kinerja dan terkendala oleh masalah tingginya harga lahan. Metode penelitian yang digunakan adalah deskriptif kualitatif dengan pendekatan studi lapangan empiris. Pengumpulan data dilakukan melalui observasi, wawancara, dan studi dokumentasi mengenai pelaksanaan Undang-Undang Nomor 25 Tahun 2007 tentang Penanaman Modal di Jawa Tengah. Hasil penelitian menunjukkan

bahwa responsivitas Pemerintah Provinsi Jawa Tengah dalam menyelesaikan konflik investasi sangat bergantung pada kapabilitas kepemimpinan daerah yang proaktif dan mediatif. Eskalasi konflik sengketa lahan berhasil diredam melalui strategi standardisasi zonasi nilai lahan, optimalisasi Kawasan Industri Terpadu (KIT), serta penerapan skema kompensasi inklusif berbasis konsep "kompensasi untuk keuntungan" (*compensation for profit*) yang memberdayakan ekonomi warga terdampak. Integrasi layanan yang akuntabel dan transparansi informasi publik terbukti efektif dalam meminimalkan asimetri informasi serta resistensi sosial di tingkat akar rumput. Kesimpulan penelitian menegaskan bahwa kualitas kepemimpinan daerah merupakan faktor penentu utama keberhasilan pengelolaan konflik investasi; namun, keberlanjutannya memerlukan pelembagaan sistem peringatan dini agar tidak semata-mata bergantung pada sosok kepala daerah. Kata kunci: Responsivitas Pemerintah, Konflik Investasi, Kendala Lahan, Kepemimpinan Daerah, Jawa Tengah.
Kata kunci: Konflik, Investasi, Jawa Tengah.

Introduction

Modern economic activity is inextricably linked to the dynamics of investment, with capital investment serving as a key driver of growth (Ridwan et al., 2025). The term "investment" is generally understood broadly among the public, encompassing both direct and indirect (portfolio) investment. Conversely, formal regulations tend to use the term "capital investment," specifically referring to direct investment (Safitri et al., 2025). Article 1 of Law Number 25 of 2007 concerning Investment defines this activity as all forms of capital investment, by both domestic and foreign investors, to conduct business within the territory of the Unitary State of the Republic of Indonesia (Pratidina, 2023).

Domestically, the Central Government generally aggressively encourages key regions to create a business ecosystem conducive to national economic growth. One region with a competitive advantage that attracts investors is Semarang, located on the north coast of Central Java Province (Handini et al., 2025). Geographically, Semarang occupies a highly strategic location due to its proximity to various major cities and its adequate infrastructure. The region's accessibility is enhanced by a network of roads, rail transportation, and the presence of international airports and seaports, facilitating logistics penetration into domestic and international markets (Nisa et al., 2025).

In response to these economic strengthening directives, leadership policies in the Central Java region are geared toward creating an investment climate that prioritizes the principles of ease, affordability, and smoothness (Rahutami et al., 2020). This strategic effort was implemented to stimulate investors to invest, thus attracting them to the region (Eceng Gondok et al., 2023). This commitment to an adaptive bureaucracy has yielded significant results, with Central Java Province achieving first place in the Investment Service Awards (ALI) for three consecutive years through 2022. Furthermore, the province also solidified its position by achieving the highest score in the 2022 Public Information Disclosure Awards for the Provincial Government category for five consecutive years (Setyowati, 2007).

Despite various achievements and ideal regulations, the reality on the ground shows that investment activities are never free from obstacles. One crucial issue frequently faced by local governments and business actors is the escalation of horizontal and inter-regional conflicts related to the dynamics of vertical land acquisition (Permana, 2024). Obstacles such as land issues that suddenly become prohibitively expensive often become a major stumbling block, disrupting legal certainty and investor operational stability (Abib et al., 2016).

The impact of high land acquisition costs and prolonged conflicts has culminated in a decline in investment attractiveness in various regions (Neveria, 2012). When these structural obstacles lead to a lack of certainty about a quick resolution, investors tend to avoid commitments to repayment of capital or relocate their investments to other regions deemed safer and more efficient. This phenomenon of capital flight poses a serious threat to the sustainability of economic growth in middle-income regions (Soesatyo, 2024).

Based on the background outlined above, the success of resolving these obstacles ultimately depends on the ability and level of regional leadership to stabilize emerging investment conflicts. Therefore, this study aims to determine and analyze the government's response to investment conflicts in Central Java, particularly those related to the obstacle of soaring land prices, to formulate strategic solutions that guarantee the sustainability of investment in the area.

Research methods

This research is classified as a qualitative method and is examined through descriptive analysis that explains the responsiveness of local governments in the efforts of Government Responsiveness in Handling Investment Conflicts in Central Java (Soemantri, 2005). This research activity was conducted at the Central Java Governor's Office. The informants of this research consisted of the Regional Secretary, Kominfo, BAPENDA, and several staff in related agencies who have knowledge about the responsiveness of Local Governments in the efforts of Government Responsiveness in Handling Investment Conflicts. This research uses two types of data sources, namely primary data and secondary data according to the classification or grouping of information or data that has been obtained. Primary data is data obtained directly from interviews with key informants and follow-up research informants regarding Government Responsiveness in Handling Investment Conflicts and other agencies related to this research. For example, data on the number of private and state investors. To obtain the data needed in this research, several techniques were used, including interviews (interviews) that conduct direct interviews with informants regarding the problem to be studied, namely Government Responsiveness in Handling Investment Conflicts. Observation is conducting direct observations at the research location regarding the problem to be studied related to Government Responsiveness in Handling Investment Conflicts. Literature Study is a research conducted by reading literature related to research on the problem to be studied, namely Government Responsiveness in Handling Investment Conflicts in Central Java.

Results And Discussion

According to Blanchard (2001), responsiveness is a criterion for measuring the performance of public service organizations. He stated that responsiveness is a popular term used in business organizations and can be defined as the ability to assist customers by providing prompt service. Responsiveness is also important for the government in providing services to the public. According to Dwiyanto (2005), to improve an organization's responsiveness to customer needs, several strategies can be implemented, as follows:

a. Implementing a KYC (Know Your Customer) Strategy

This is a precautionary principle that can be used to identify customer needs and interests before deciding on the type of service to be provided. However, in the context of public service provision, the KYC principle can be used by the public to identify customer needs and interests before deciding on the type of service to be provided.

b. Implementing a Citizen's Charter Model

A citizen's charter (service contract) is a service standard established based on customer aspirations, and the bureaucracy promises to fulfill it. A citizen's charter is an approach to providing public services that places service users, or customers, at the center of attention. A citizen's charter is essentially a social contract between the bureaucracy and customers to ensure the quality of public services. Through a service contract, the rights and obligations of users and service providers are clearly agreed upon, defined, and regulated. Procedures, fees, and service times must also be defined and mutually agreed upon, of course, after critically reviewing existing regulations.

Walgito (2007) states that conflict is a situation in which two or more individuals or two or more groups disagree on matters or situations related to antagonism. Conflict is inevitable in an organization, caused by many factors, especially because organizations are formed by numerous individuals and groups with different characteristics and goals. Jamil (2007) explains that conflict is driven by the differences in characteristics that individuals bring to interactions. These differences include physical characteristics, intelligence, knowledge, habits, beliefs, and so on. With individual characteristics brought into social interactions, conflict is a natural occurrence in every society, and no society is free from conflict between its members or with other groups. Conflict will only disappear with the disappearance of the society itself.

According to Jogiyanto (2017), investment is the postponement of current consumption for use in efficient production within a specific timeframe.2 Meanwhile, according to Sukirno, sustainable investment activities undertaken by the community will increase economic activity and employment opportunities, increase state revenue, and improve public welfare. This role stems from three important functions of investment activities: (1) investment is a component of aggregate expenditure, so increased investment will increase aggregate demand, state revenue, and employment opportunities; (2) the addition of capital goods resulting from investment will increase production capacity; and (3) investment is always accompanied by technological developments.

Investment activities in Central Java Province are formally regulated by regulations based on Law Number 25 of 2007 concerning Capital Investment. In its implementation at the regional level, the Central Java Provincial Government translates macro regulations into policymaking—an ecosystem-oriented tactic that is easy, affordable, and smooth in conducting business. This step is crucial to reduce complex bureaucracy, a frequent complaint of domestic and foreign business actors.

By simplifying regulations, the regional government strives to provide legal certainty, which is the primary basis for attracting sustainable capital inflows.

The successful implementation of this policy is empirically demonstrated by Central Java Province's achievement in achieving first place in the Investment Service Awards (ALI) for three consecutive years, through 2022. This award reflects the effectiveness of bureaucratic reform, particularly in the responsive and transparent integrated licensing services sector. Furthermore, the top achievement in the Public Information Transparency Award for five consecutive years confirms the well-integrated aspects of information accountability. This information transparency plays a crucial role in minimizing information asymmetry, which often fuels suspicion and conflict within the community.

Despite its competitive advantage of a strategic geographic location on the northern coastline and adequate infrastructure connectivity, Central Java is not immune to residual agrarian conflicts, the most prevalent of which are rooted in issues of land acquisition for industry and infrastructure support within the region. When an area is designated as a target for investment development, land prices in the surrounding area tend to soar irrationally. Land speculation by third parties or local brokers often exacerbates the situation, creating a wide gap between the actual land value and the financial expectations of public landowners.

Extreme land price spikes trigger structural barriers that directly impact the viability of financial investor projects. Land acquisition costs that balloon beyond planned budgets force business actors to engage in lengthy, exhausting renegotiations or even unilaterally halt construction. This situation is often exacerbated by social resistance from local communities who feel their economic rights and living space are threatened by industrial expansion. This clash of interests between corporate space needs and local community rights is a key cause of investment conflicts.

Legal uncertainty and protracted land dispute resolution ultimately lead to negative consequences, such as investors withdrawing their commitments to reimburse their capital. The highly sensitive nature of capital to regional security and stability risks means investors will not hesitate to halt their investments if obstacles in the field are deemed too risky (Febriyani, 2020). When the land acquisition mediation process reaches a deadlock, business actors tend to choose to minimize financial losses. As a result, strategic projects initially projected to absorb large local labor pools end up being cancelled altogether.

A further impact of these investment cancellations is the phenomenon of capital shifting or industrial relocation to other areas. Investors will shift their business focus to neighboring regions or provinces that offer social stability, more competitive land prices, and stronger security. This loss of investment potential is detrimental to the Central Java economy as a whole, as the national economic growth targets set by the Central Government become difficult to achieve. The loss of momentum also impacts the decline in Regional Original Income (VAT) and the creation of new jobs for local communities.

Facing the threat of industrial relocation, the level and capability of regional leadership are key determinants in mitigating investment conflicts. Government responsiveness should not be merely reactive when conflicts escalate, but rather proactive and preventative. In Central Java, regional leadership is required to act as a facilitator and fair mediator between investor interests, central regulations, and the rights of indigenous or local communities. The speed with which local governments respond to turmoil, land prices, and social disputes is a key measure of responsive governance.

The responsiveness implemented by the Central Java bureaucracy includes the establishment of a special task force to accelerate investment and address obstacles in a field-oriented manner. This task force serves to directly identify the root causes of land disputes at the field level and facilitate tripartite dialogue between investors, community representatives, and district/city governments. A persuasive and dialogical approach is prioritized to replace repressive ones that often prolong conflict escalation. Through intensive dialogue, local governments strive to educate communities about the long-term economic multiplier effects of project investments in their areas.

To overcome the problem of expensive land, the Government of Central Java Province implements a standardization strategy for zoning mark land and optimization of the Integrated Industrial Area (KIT). Steps for the arrangement This aim For pressing room the movements of speculators frequent land play market price in general No healthy . With concentrate investment in the industrial area whose land has been controlled and managed by the state or business entity owned by the area, investors get certainty price rational land use. Provision pattern land integrated This proven effective cut chain bureaucracy liberation tiring and vulnerable individual land conflict.

In addition to providing integrated areas, the government of the region also encourages schemes to change losses of a nature inclusive through the concept of "replace" "profit". This approach does not just give compensation in the form of cash that has the potential finished in the short term, but rather involves empowering a sustainable economy for residents affected. Residents whose land forced diversion are given training skills work, priority absorption power work in a new factory, or involvement in supply chain logistics company. Partnership pattern This is in a significant way capable of lowering social resistance Because the public feels become part of industrial progress, not just the audience on the ground they are Alone.

Predicate highest in openness of public information that Central Java carries gives positive contribution to mitigating risk conflict investment. Access to transparent information about Regional Spatial Planning (RTRW) and analysis about environmental impact analysis (Amdal) makes it easier for the public to supervise the way development. Transparency This reduces opportunity emergence suspicion will existence practice collusion between rulers and entrepreneurs who often trigger demonstration rejection. Through an easily accessible information portal, the public can know to what extent a project investment provides real benefits for the area.

However, the effectiveness of transparency This Still faces challenges at the grass root level consequence of existence digital divide and literacy law community. The information provided online often does not yet fully reach public rural areas that become physical locations of industrial development areas. Because of this, the function of communication public services run by the service related must continue to be evaluated so that it does not just fulfill the indicator of formal administrative evaluation. Distribution of information in a way face and involvement of local public figures still become a pillar of interpersonal communication that is not likely to be abandoned for the sake of effectiveness dissemination policy.

From the theoretical and academic perspective, the phenomenon of handling conflict investment in Central Java gives empirical confirmation to governance theory of good governance (good governance). Study results outside campus implemented by STISIP Banten Raya students show that success service investment Not only measured from quantity of capital inflow or speed issued permits. Quality A government precisely tested at the time system bureaucracy capable of managing conflicts of interest peace and justice. Findings field This enriches treasury science public administration about the importance of adaptive leadership in the era of economic disruption.

In a practical way, this field study proves that openness of information and quality service investment must walk side by side as two sides mutually exclusive currencies strengthen. When openness information is implemented in a consistent way, the level of public trust towards government investment policy will increase linearly. Trust public this is what social capital is valuable for government areas For stabilizing social turmoil as well as maintaining the existence of investors' capital in the midst of tight competition Power pull investment between provinces in Indonesia.

Through integration accountability and responsive service leadership, Central Java is successful in minimizing the worst impact of land market turmoil. Proximity connection between provincial government and business actors creates a two-way communication channel that accelerates early detection of potential disputes. Leadership area proven to become anchor stability when formal law instruments facing road dead end consequence rejection cultural community. Flexibility bureaucracy in formulating local agrarian policy discretion becomes key important Why this area is still competitive in the eyes of capital holders.

Although Thus, sustainability of pattern handling conflict This requires institutionalization of a system that does not only depend on the figure of a head area. Capacity building institutional service regional investment must Keep going upgraded to standard operational handling conflict can walk in a way consistent with anybody's leader. Standardization This covers an early warning system based on technology information that is capable of identifying escalation conflict land before reaching stage detrimental critical climate business macro area.

In the end, the synthesis between firmness regulation, transparency of public information, and social empathy in land liberation forms a solution model conflict ideal investment in Central Java. This model gives valuable lessons that investment No must sacrifice right humanity local public, and vice versa protection public No must hinder rate wheel economic development. Harmony ecosystem this is what it is determinant main success long term economic growth area at a time maintain dignity social justice at the level footprint.

Conclusion

The conclusion of this study indicates that the responsiveness of the Central Java Provincial Government in handling investment conflicts is considered very progressive through an adaptive, proactive, and preventative regional leadership approach. Although this region is faced with crucial structural obstacles in the form of extreme land price spikes and land speculation that trigger social resistance, the local government is able to mitigate the risk of capital flight and industrial relocation. This success was achieved through the implementation of a strategy for standardizing land value zoning, optimizing Integrated Industrial Zones (KIT), and implementing an inclusive compensation scheme based on community economic empowerment. The integration of bureaucratic reform, legal certainty, and the use of public information disclosure has proven effective as an instrument for mitigating agrarian disputes that prioritizes tripartite dialogue over repressive measures. Theoretically and practically, the dynamics of investment governance in Central Java confirm that the level and capability of regional leadership are key factors in maintaining a stable macro business climate. Strong leadership commitment can align corporate economic interests with the protection of local communities' social rights, thus creating a pattern for resolving investment conflicts equitably. However, to maintain a conducive investment climate in the future, conflict resolution cannot rely solely on regional leaders, but must be institutionalized through strengthening the institutional capacity of relevant agencies and developing technology-based early warning systems. A balanced synthesis of formal regulatory rigor and cultural empathy in land acquisition is an ideal model for securing national economic growth targets while maintaining social justice at the grassroots level. Based on the discussion that has been outlined, it can be concluded as follows: First, the Government in responding to investment conflicts in Central Java is very open that the obstacles to the problem are always there, the first key is the level of how regional leadership responds to this conflict as the root of all success so that the conflict is resolved, investment management opens up the field of concepts from the private sector.

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