

Regulatory Amendments of The Strategic Policy for The Job Creation in Indonesia: Research and Innovation Aspect

Prakoso Bhairawa Putera^{1,2*}, Ida Widianingsih¹, Sinta Ningrum¹, Suryanto¹, and Yan Rianto²

¹Faculty of Social and Political Sciences Universitas Padjadjaran, Jalan Bukit Dago Utara No. 25 Bandung 40135, Indonesia

²Badan Riset dan Inovasi Nasional, Gedung B.J. Habibie, Jl. M.H. Thamrin No. 8, Jakarta Pusat 10340, Indonesia

*Corresponding author: prakoso19001@mail.unpad.ac.id

KEYWORDS

Science policy
Governance of science
and technology
Innovation

SUBMITTED 11 August 2021

REVISED 5 January 2022

ACCEPTED 16 February 2022

ABSTRACT The Job Creation Law, enacted in Indonesia in November 2020, has provided a new understanding of the sectors, such as investment and business activities, employment, and ease of conducting business, that are directly related to various aspects of regulatory adjustment. Research and innovation related to regulatory adjustments have received growing attention in recent years. This article thus attempts to reveal regulatory amendments from the strategic policy of job creation, particularly in terms of research and innovation, grouped into four topics: 1) conducting research and innovation activities; 2) supporting human resources and expertise; 3) stipulating policy support for facilitation, licensing, and taxation; and 4) endorsing the institutional implications of research and innovation in the regions.

© The Author(s) 2022. This article is distributed under a Creative Commons Attribution-ShareAlike 4.0 International license.

1. INTRODUCTION

Since its inception in July 2018, Government Regulation (PP) No. 24/2018 on Electronically Integrated Business Licensing Services has since been enacted (Putra 2019). Here, the government stipulated the establishment of an Omnibus law in Indonesia as a solution to the problem of adjusting various regulatory aspects. This was further ratified on November 2, 2020, in the form of the Law of the Republic of Indonesia No. 11/2020 regarding job creation. In one of the considerations of the policy, supporting job creation requires the adjustment of various regulatory aspects related to the convenience, protection, and empowerment of cooperatives and micro, small, and medium enterprises; the improvement of the investment ecosystem; and the acceleration of national strategic projects while considering the protection and welfare of workers. In addition, based on Article 4 Letter (e), it is stipulated that research and innovation support involves the scope of regulation that aims to achieve the objectives of the job creation strategic policy.

In lieu of the above, the current paper analyzes the content of the policy (Gustina et al. 2020) from the aspect of research and innovation support arrangements. This is critical, as previous records related to research and innovation support on job creation regulations in Indonesia remain limited. Prior studies related to job creation have examined the environment and natural resources (Amania 2020); (Ilyas et al. 2020) (Indonesian Center for Environmental Law 2020); law (Eddyono 2020), employment (Kurniawan and Dewanto 2020), (Sjaiful 2021) energy and renewable energy (Zafriana et al. 2021); investment policy, banking, and small and medium enterprises (Panjaitan et al. 2020)(Tarmizi 2020); and sentiments on job creation policies on social media (Pramana et al. 2021; Sukma et al. 2020;

Sutan et al. 2021; Wahyuni et al. 2021).

Content analysis of Law No. 11/2020 was conducted in which 18 articles were examined. Results show that they contained regulations on research and innovation based on a total of 176 articles serving as references in strategic policies on job creation. Furthermore, four categories were identified according to the needs and characteristics of the policy support. The distributions of policy support are as follows: 1) organizing research and innovation activities; 2) supporting human resources and expertise; 3) stipulating policy support for facilitation, licensing, and taxation; and 4) endorsing institutional implications of research and innovation in the regions. Further explanations of the four policy support groups are presented in the following sections.

2. IMPLEMENTATION OF RESEARCH AND INNOVATION ACTIVITIES

The Indonesian Central Government mandates state-owned enterprises (SOEs) to conduct national research and innovation functions while considering the aims, objectives, business activities, and capabilities of SOEs. The resulting special assignment plans are mutually reviewed between the SOEs and the Central Government. If the assignment is not financially feasible, the latter is required to provide compensation for all costs that have been incurred by the SOEs, including the expected margin, as long as it is within a reasonable level in accordance with the assignment (Article 120, Law No. 11/2020).

The Indonesian government has accommodated data collection and research on the permanent use of sea space in its waters and jurisdictions (Article 19 of Law No. 11/2020). This provision became an amendment to Article

48, concerning the provisions in Law No. 32/2014 concerning Marine Affairs.

In addition, fish catching and/or fish farming activities in the fishery management areas within the jurisdiction of the Republic of Indonesia, which are not intended for commercial purposes, may be conducted by any party in the context of research or other scientific activities. The process of granting approval for research activities or other scientific activities, as referred to in paragraph (2), is conducted in accordance with the provisions of laws and regulations under the Fisheries Law.

In addition, the government has the authority over research, development, and engineering capabilities in the implementation of geothermal activities (Article 41, Law No. 11/2020), research and development (RD) supporting electric power services (Article 42, Law No. 11/2020), motor vehicle design and RD conducted by research institutions (Article 55, Law No. 11/2020), and coaching for plantation RD (Article 29, Law No. 11/2020).

3. HUMAN RESOURCES AND EXPERTISE

Law No. 6/2017, which concerns architects, stipulates that foreign architects must transfer expertise and knowledge by providing education and/or training to educational, research, and/or development institutions in the field of architecture.

Article 81 contains a provision that any employer who hires foreign workers is required to have a plan for utilizing foreign workers approved by the Central Government. The plan must also consider the emergencies, vocational sectors, technology-based start-ups, business visits, and research projects under a certain period of time. This provision became an amendment to Article 42 of Law No. 13/2003 concerning labor.

Facilitation, Licensing, and Taxation Support The Central Government has the authority to develop cooperation schemes between RD institutions and stakeholders of construction services, as well as to protect the intellectual property of construction materials/equipment and construction technology resulting from domestic RD (Article 52, Law No. 11/2020). This provision became an amendment to Law No. 2/2017 concerning construction services

Another provision stipulates that technology transfer, RD, innovation activities, and/or the industries using domestically produced capital goods or machines/equipment are criteria for obtaining facilities from the Central Government within the investment sector. These facilities can be used to expand businesses or make new investments. This provision is an arrangement in Article 77, which is an amendment to Law No. 25/2007 concerning investments, especially Article 18 (which previously contained 10 criteria and later became 11 by adding the tourism business development criterion). Likewise, the allocations and changes in the function of forest areas are determined by the Central Government by considering the results of integrated research. This is an amendment to the provisions of the Forestry Law.

Article 111 states that exclusions from the tax object include the excess received or obtained by non-profit agencies/institutions engaged in education and/or RD, which has been registered with the concerned agency. Furthermore, the tax object is reinvested in the form of facilities and infrastructure for educational and/or RD activities, within a maximum period of four years from the receipt of

the excess. This provision is also regulated by the Regulation of the Minister of Finance.

Meanwhile, psychotropic imports are conducted by research or educational institutions, other than the pharmaceutical industry or wholesalers fulfilling business licensing activities from the Central Government. In the next provision, it is regulated that research and/or educational institutions are prohibited from distributing imported psychotropics. This change is later contained in Article 62, which serves as an amendment to the provisions in Law No. 5/1997 concerning psychotropics, especially Article 16.

Furthermore, in Article 89, Law No. 11/2020, it is stipulated that in the integrated management of micro and small enterprises, the Central Government and local governments are required to facilitate the development of micro and small businesses in the form of RD. This notion is in accordance with the provisions of the amendments in Law No. 20/2008 concerning micro, small, and medium enterprises.

The Central Government also supports the idea that land designated as public grazing areas must be maintained in a sustainable manner as places or objects for the RD of livestock technology and animal health. This notion became an amendment to the provisions of Article 6 of Law No. 41/2014 concerning Amendments to Law No. 18/2009 on animal husbandry and health (Article 34, Law No. 11/2020).

In Article 29, Law No. 11/2020, it is stated that funds obtained from collections by plantation business actors may be considered to finance plantation businesses originating from the collection of funds from plantation stockholders, funds from financing institutions, community funds, and other involved funds. These must be utilized for human resource development, RD, plantation promotion, plant rejuvenation, facilities and infrastructure, development, and/or fulfillment of plantation targets for food needs, bio-fuels, and downstream plantation industries. This provision became an amendment to the provisions of Article 93 in Law No. 39/2014 concerning the plantation industry.

In addition, the Central Government provides limited-stay visas to foreign researchers traveling to Indonesian territory so that they can reside in the country for a limited period of time (Article 106, Law No. 11/2020). This provision serves as an amendment to Law No. 6/2011 concerning immigration.

4. RESEARCH AND INNOVATION INSTITUTIONS IN THE REGION

Article 121 mandates the existence of research and innovation institutions at the regional level, as indicated by paragraph (2): "To carry out Research, Development, Assessment, and Application, as well as Inventions and Innovations integrated in the regions, the Regional Government establishes an agency." This article has implications for the establishment of institutions at the regional level.

The "agency" mentioned in Presidential Regulation No. 78/2021 is referred to as the "Regional Research and Innovation Agency" or "BRIDA." BRIDA is a regional apparatus that conducts RD, assessment, application, and integrated inventions and innovations in the regions. BRIDA is formed by the regional government (provincial and regency/city) upon receiving consideration from the National Research and Innovation Agency.

The functions of BRIDA cover the following areas:

1. implementation of policies, facilitation, and fostering the implementation of RD, assessment, application, and inventions and innovations that strengthen the function and position of science and technology in the regions as the bases for regional development planning in all areas of life guided by the values of Pancasila
2. preparation of plans, programs, budgets, institutions, and resources for RD, assessment, application, and inventions and innovations in the regions that are guided by the values of Pancasila
3. coordination and synchronization of policy implementation in the field of research and innovation, cooperation in science and technology development, as well as RD, study and application partnerships, and inventions and innovations in the regions
4. provision of technical guidance and supervision in the fields of research and innovation, cooperation in science and technology development, as well as RD, study and application partnerships, and inventions and innovations in the regions
5. monitoring and evaluation of RD, assessment, application, and inventions and innovations in the regions
6. the development, management, and utilization of science and technology information systems in the regions
7. coordination for the implementation of research and community service based on RD, assessment, and application of science and technology produced by other research institutions/centers/organizations in the regions
8. coordination of regional science and technology systems

5. CONCLUSIONS

Based on an examination of the aforementioned four groups of research and innovation policy support for strategic policies on job creation in Indonesia, results show that most of them are supportive, providing reinforcement for the creation of an innovation ecosystem in Indonesia while also conveying plans for the implementation of research and innovation institutions in the regions. Research areas concerning the strategic policy of job creation have become the priority concern for leaders at the National Research and Innovation Agency, established in April 2021 through Presidential Regulation No. 33/021 and its amendment through Presidential Regulation No. 78/2021. The research fields that have currently gained attention from the strategic policy of job creation include the permanent utilization of sea space within the country's territorial waters and jurisdictional area, fishing and/or fish cultivation in the fishery management area of the Republic of Indonesia, geothermal energy exploration, electric power, motorized vehicle design, plantations, development of micro and small businesses, and animal husbandry and health technology.

ACKNOWLEDGMENTS

This research is regarded as a partial fulfillment of "The doctoral program by research" from the Indonesian Institute of Sciences - Universitas Padjadjaran, with Memorandum of Understanding Number: 059/KS/WAKA-LIPI/XI/2018, 745/UN6.WR3/PKS/2018.

AUTHORS' CONTRIBUTIONS

PBP, IW designed the study. PBP, IW, SN, S, YR analyzed the data. PBP, IW, SN, S, YR wrote the manuscript. All authors read and approved the final version of the manuscript.

COMPETING INTERESTS

The authors declare no competing interests.

REFERENCES

- Amania N. 2020. Problematika undang-undang cipta kerja sektor lingkungan hidup. *Syariati : Jurnal Studi Al-Qur'an dan Hukum*. 6:209–220. doi:10.32699/syariati.v6i02.1545. <https://ojs.unsiq.ac.id/index.php/syariati/article/view/1545>.
- Eddyono SW. 2020. Kertas Kebijakan: Catatan kritis terhadap UU No. 11 Tahun 2020 tentang cipta kerja (Pengesahan DPR 5 Oktober 2020). Technical Report 2020. Universitas Gadjah Mada. Yogyakarta.
- Gustina A, Putera PB, Kusuma PT, Hastanto WY, Kurniawati W. 2020. Functional food in Indonesia: An analysis of legal and institutional framework. *IOP Conference Series: Earth and Environmental Science*. 443(1):1–8. doi:10.1088/1755-1315/443/1/012089.
- Ilyas A, Arisaputra MI, Aspan Z, Bakar DUM, Arifin A, Yunus A. 2020. Omnibus law in natural resource management: Challenges and the future prospect. *Journal of Critical Reviews*. 7(19):879–884. doi:10.31838/jcr.07.19.107.
- Indonesian Center for Environmental Law. 2020. Berbagai Problematika Dalam UU Cipta Kerja Sektor Lingkungan dan Sumber Daya Alam. Technical report. Indonesian Center for Environmental Law. Jakarta.
- Kurniawan F, Dewanto WA. 2020. Problematika Pembentukan RUU Cipta Kerja dengan Konsep Omnibus Law Pada Klaster Ketenagakerjaan Pasal 89 Angka 45 tentang Pemberian Pesangon Kepada Pekerja yang di PHK. *Jurnal Panorama Hukum*. 5(1):63–76.
- Panjaitan JMP, Darwin M, Bastian I, Sukamdi S. 2020. What do banks, rural credit institutions, and regulators infer from the current strengths and standing of Indonesian SMEs? *Gadjah Mada International Journal of Business*. 22(1):1–23. doi:10.22146/gamaijb.53968.
- Pramana PD, Utari P, Naini AM. 2021. Symbolic convergence of ClimateCrisis: A content analysis of Greenpeace Indonesia campaign on Instagram. *IOP Conference Series: Earth and Environmental Science*. 724(1):1–7. doi:10.1088/1755-1315/724/1/012101.
- Putra DA. 2019. Menko Darmin: Penerapan Omnibus Law Tunggu Disahkan Jokowi. <https://www.merdeka.com/uang/menko-darmin-penerapan-omnibus-law-tunggu-disahkan-jokowi.html>.
- Sjaiful M. 2021. Problematika normatif jaminan hak-hak pekerja dalam Undang-Undang Nomor 11 Tahun 2020 tentang Cipta Kerja. *Media Iuris*. 4(1):37. doi:10.20473/mi.v4i1.22572.
- Sukma EA, Hidayanto AN, Pandesenda AI, Yahya AN, Widharto P, Rahardja U. 2020. Sentiment Analysis of the New Indonesian Government Policy (Omnibus Law) on Social Media Twitter. *Proceedings - 2nd International Conference on Informatics, Multimedia, Cyber, and Information System, ICIMCIS 2020*. (July 2017):153–158. doi:10.1109/ICIMCIS51567.2020.9354287.
- Sutan AJ, Nurmandi A, Mutiarin D, Salahudin S. 2021. Using Social Media as Tools of Social Movement and So-

cial Protest in Omnibus Law of Job Creation Bill Policy-Making Process in Indonesia. *Advances in Intelligent Systems and Computing*, vol 1352. Springer, Cham. p. 261-274. doi:https://doi-org/10.1007/978-3-030-71782-7_24.

Tarmizi. 2020. Legal simplification of land regulation associated with increased investment as the basis for conceptualization of the omnibus law. *Journal of Advanced Research in Law and Economics*. 11(1):203-207. doi:[10.14505/jarle.v11.1\(47\).24](https://doi-org/10.14505/jarle.v11.1(47).24).

Wahyuni H, Nurmandi A, Mutiarin D, Suswanta, Salahudin. 2021. The Influence of Social Media on the Omnibus Law-Making Process in Indonesia. *ICADS 2021: Advances in Digital Science*. p. 498-510. doi:[10.1007/978-3-030-71782-7_44](https://doi-org/10.1007/978-3-030-71782-7_44).

Zafriana L, Marjono, Qurbani ID, Sugiono. 2021. Determination of the palm based biodiesel policy integration model as a renewable energy commodity. *Decision Science Letters*. 10(3):263-276. doi:[10.5267/j.dsl.2021.3.003](https://doi-org/10.5267/j.dsl.2021.3.003).