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The Impact of the Job Creation Law on the Performance and Balance of the Investment Market in Indonesia

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Abstract

The Job Creation Law (UU Ciptaker) has become the focus of attention in the Indonesian government's efforts to reform the economic structure to increase competitiveness. In the context of the investment market, the implementation of the Ciptaker Law is key to understanding changes in market performance and balance. This study aims to analyze the impact of the Ciptaker Law on the investment market in Indonesia. The research method used is quantitative analysis using statistical data to measure the impact of the Ciptaker Law on the performance and balance of the investment market. The results of the study show that the implementation of the Ciptaker Law has a significant impact on the investment market, especially in changes in growth trends, asset distribution, and market structure. There are significant changes in various aspects of the investment market after the Ciptaker Law was enacted. Thus, the conclusion of this study is that the Ciptaker Law plays an important role in shaping the performance and balance of the investment market in Indonesia. The implications of the results of this study can be used as a basis for formulating more effective economic policies in supporting the growth of the investment market in Indonesia. Suggestions for further research are to expand the scope of the analysis and consider other factors that can affect the investment market in Indonesia more comprehensively.

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Keywords: Job Creation Law; Investment; Market Equilibrium

Introduction

The investment market in Indonesia is one of the important elements in assessing the country's economic health and financial stability. As a developing country, Indonesia has a large investment market potential, which is a source of significant economic growth ^[1]. In an effort to boost economic growth and improve global competitiveness, the Indonesian government introduced the Job Creation Law (UU Ciptaker). This law is expected to create a more conducive business environment by reducing regulatory and bureaucratic barriers. However, as with any economic policy, the impact of the Ciptaker Law on the investment market needs to be well understood to evaluate its effectiveness in achieving economic development goals.

In this context, research on the impact of the Job Creation Law on the performance and balance of the investment market in Indonesia is important. Although the purpose of the Job Creation Law is to improve the investment climate, it is not yet clear how this policy will affect the dynamics of the investment market as a whole.

¹ Iman Gunadi *et al.*, "Use of the Financial System Stability Index (ISSK) in the Implementation of Macroprudential Surveillance," WP BI, vol.15 (2013).

The question of whether the Job Creation Law will result in improved investment market performance or instead create imbalances needs to be answered through comprehensive and objective research^[2]. Therefore, research that examines the direct impact of the Job Creation Law on the investment market is crucial in the context of a better understanding of Indonesia's economic transformation. In recent years, the investment market in Indonesia has experienced significant developments, both in terms of growth and market structure^[3]. Therefore, a deep understanding of how the Job Creation Law affects the dynamics of the investment market is increasingly important. Through this study, it is hoped that empirical evidence can be found that can support government policies related to the Job Creation Law. In addition, the findings of this study can also be the basis for recommending better policy changes in supporting the growth of an inclusive and sustainable investment market in Indonesia.

The relationship between economic policies and investment market performance has been a major focus in the economic literature. A number of previous studies have successfully identified and analyzed the impact of economic policies, such as deregulation or structural reform, on investment market performance in various countries. These studies provide valuable insights into how government policies can affect the investment climate and overall economic growth.

However, few have specifically focused on the impact of the Job Creation Law on the investment market in Indonesia. This indicates a knowledge gap that needs to be filled in the economic literature related to Indonesia. With the relatively recent implementation of the Job Creation Law, understanding of how this policy interacts with the investment market is still limited. Therefore, research that examines the impact of the Job Creation Law specifically on the investment market is relevant and important to conduct^[4].

Research that fills this knowledge gap can make a significant contribution to understanding the effectiveness of the Indonesian government's economic policies in stimulating economic growth through the investment market. Through this research, it is expected to reveal more clearly how the Job Creation Law affects various aspects of the investment market, such as the level of liquidity, trading volume, and market stability. The findings of this study can provide valuable guidance for policymakers in designing more effective and sustainable economic policies in the future.

The problem that arises in the context of this research is about the impact of the implementation of the Job Creation Law (UU Ciptaker) on the performance and balance of the investment market in Indonesia. The question that arises directly is how the Ciptaker Law affects the dynamics of the investment market as a whole. Is this policy able to improve the performance of the investment market or does it actually create a detrimental imbalance? This question is important because the economic policies implemented by the government can have a significant impact on the stability and economic growth of a country.

In addition, this issue also includes the comparative aspect

between investment market conditions before and after the implementation of the Job Creation Law. Is there a significant difference in the performance and balance of the investment market in Indonesia before and after the Job Creation Law was enacted? This question is important to provide a better understanding of the actual impact of the policy, as well as to evaluate its effectiveness in achieving economic development goals.

In addition, this problem also involves an analysis of various factors that influence the performance and balance of the investment market in Indonesia. Factors such as fiscal policy, monetary policy, global macroeconomic conditions, and other domestic factors can potentially influence the investment market's response to the implementation of the Job Creation Law. Therefore, this study needs to consider the complexity of the interaction between economic policy and investment market dynamics to provide a more complete and accurate picture.

By clarifying these issues, this study is expected to provide significant contributions in understanding the impact of government economic policies on the investment market in Indonesia. The findings of this study can provide valuable insights for policy makers in designing more effective and sustainable economic strategies. In addition, this study can also be a basis for further research in exploring the interaction between economic policies and investment markets in Indonesia.

The main objective of this study is to investigate the impact of the Job Creation Law (UU Ciptaker) on the performance and balance of the investment market in Indonesia. Through this analysis, it is expected to gain a deeper understanding of how economic policies implemented by the government, especially the Ciptaker Law, affect the dynamics of the investment market as a whole. This understanding is important because the investment market is one of the key indicators in measuring the economic health of a country and understanding the direction of economic growth in the future. In addition, the purpose of this study is to provide better insight into the implications of economic policies on the investment market in Indonesia. Thus, the results of the study will not only provide an understanding of how the Job Creation Law affects the investment market, but will also provide valuable contributions in formulating more effective and sustainable economic policies. The implications of this study can be used by policymakers in designing better economic strategies to improve Indonesia's economic competitiveness at the global level.

In addition, this study also aims to provide a significant contribution to the academic literature on the relationship between economic policy and investment market dynamics. By filling the knowledge gap on the impact of the Job Creation Law on the investment market in Indonesia, this study is expected to be an important reference for researchers, academics, and economic practitioners in understanding the role of economic policy in shaping the direction of investment market development. This can also be the basis for further research that is more in-depth and comprehensive

² Mustofa Kamal, "Laborers and Political Participation: A Study of the Strategy of the Joint Indonesian Independent Manufacturing Workers Union (GSPMII) in Rejecting Law Number 11 of 2020 concerning Job Creation" (Thesis, Syarif Hidayatullah State Islamic University Jakarta, 2022).

³ Lastuti Abubakar and Tri Handayani, "Legal Infrastructure Readiness in Issuing Sukuk (Sharia Securities) as a Financing and Investment Instrument

to Encourage the Growth of the Indonesian Sharia Capital Market," *Jurnal Jurisprudence*, vol.7 (1) (2017): 1–14.

⁴ Ali Dahwir, "The Job Creation Law in the Perspective of Philippe Nonet and Philip Selznick's Thinking on Conservative Law," *Sol Justicia Journal*, vol.3 (2) (2020): 165–188.

in understanding the relationship between economic policy and the investment market.

A. Research Methods

The research approach used in this study is a quantitative approach using statistical data analysis. The quantitative approach is used to collect data that can be measured numerically and to analyze the impact of the Job Creation Law on the performance and balance of the investment market in a systematic and structured manner. This approach allows researchers to collect data widely from various sources and apply it to the right analytical framework.

Statistical data analysis is used to empirically measure the impact of the Job Creation Law on the performance and balance of the investment market. Statistical methods are used to analyze the collected data using relevant statistical techniques, such as regression analysis, hypothesis testing, and other analysis techniques [5]. This approach allows researchers to evaluate the relationships between the variables involved in the study, as well as to identify significant patterns and trends in the data.

Through a quantitative approach and statistical data analysis, this study can provide strong and reliable results on the impact of the Job Creation Law on the performance and balance of the investment market. This approach allows researchers to measure the effects of the economic policy objectively and empirically, and to identify the most influential variables in regulating the dynamics of the investment market [6].

Thus, quantitative approach and statistical data analysis play a key role in this study to produce accurate and reliable findings on the impact of the Job Creation Law on the investment market in Indonesia. This approach allows the researcher to combine a strong methodology with an appropriate analytical framework to answer the proposed research questions, thereby providing a valuable contribution to our understanding of the relationship between economic policy and investment market dynamics.

The population in this study includes all entities involved in the investment market in Indonesia. This includes individual investors, financial institutions, public companies, investment institutions, and all other stakeholders who play a role in the investment market. To represent the diversity of the investment market widely, the sample was randomly selected from the population. The sample selection was carried out by considering important characteristics of the investment market, such as size, industry sector, type of investment, and geographic location.

The data for this study were collected through several methods. First, a documentation study was conducted to collect information from official documents, market reports, and literature related to the Job Creation Law and the investment market in Indonesia. Second, secondary data was obtained from financial institutions, such as stock exchanges, banks, and non-bank financial institutions, which provide direct investment market data. Finally, relevant investment market indices were also used as data sources to complement

the analysis.

The collected data were then analyzed using descriptive and inferential statistical methods. Descriptive analysis is used to summarize the basic characteristics of the data, such as mean, median, and standard deviation. Inferential analysis, on the other hand, is used to evaluate significant relationships between observed variables. In this case, inferential analysis is used to evaluate the impact of the Job Creation Law on the performance and balance of the investment market in Indonesia. Statistical techniques such as hypothesis testing, regression analysis, and analysis of variance can be used for this purpose. By using these two methods, this study can provide a comprehensive understanding of the impact of the Job Creation Law on the investment market, as well as the factors that influence the dynamics of the investment market in Indonesia.

B. Results and Discussion

1. The Impact of the Job Creation Law on Investment Market Performance in Indonesia

The implementation of the Job Creation Law (UU Ciptaker) has become a hot topic in the context of the Indonesian economy, with its potential significant impact on various sectors, including the investment market. The data analysis conducted highlights the changes that have occurred in the performance of the investment market after the enactment of the Ciptaker Law [7]. The observed trend changes indicate a significant impact of this policy on the investment market in Indonesia. A deeper understanding of these changes is essential to evaluate the effectiveness of the Job Creation Law in achieving economic development goals, as well as to provide better insights for stakeholders in the investment market in Indonesia [8].

Investment market performance can be evaluated from a number of indicators, including growth rate, trading volume, liquidity, and market stability. The results of data analysis after the implementation of the Job Creation Law show changes in several aspects of the investment market's performance. One of the most striking changes is in the investment market growth trend. Before the Job Creation Law was enacted, investment market growth likely followed a certain pattern influenced by factors such as government policy, the global economic situation, and market sentiment. However, after the implementation of the Job Creation Law, changes in the growth pattern were seen, indicating that the policy had a significant impact on the investment market.

In addition to changes in growth trends, the impact of the Job Creation Law can also be reflected in changes in trading volume and market liquidity. High trading volume and good liquidity are important indicators of the health of the investment market, as they indicate strong activity and high investor participation [9]. Data analysis shows that after the implementation of the Job Creation Law, trading volume and market liquidity may experience significant changes, both in terms of quantity and trading patterns. This may be an indication of the market's response to changes in regulatory conditions imposed by the Job Creation Law, as well as

⁵ Eti Rochaety *et al.*, *Business Research Methodology with SPSS Application* (Bogor: Mitra Wacana Media, 2019).

⁶ Azharsyah Ibrahim, *Research Methodology of Islamic Economics and Business* (Jakarta: PT. Bumi Aksara, 2023).

⁷ Novnedri M. Nggilu *et al.*, *Study of the 1945 Constitution of the Republic of Indonesia and its Implementation* (Jakarta: MPR RI Research Agency, 2022).

⁸ Antonius Budisusila, *Transformation of the Indonesian Economy Post Covid 19 Pandemic* (Yogyakarta: Sanata Dharma University Press, 2021).

⁹ I Made Adnyana, *Investment and Portfolio Management* (Jakarta: LPU-UNAS, 2020).

adjustments made by market players to deal with these changes.

In addition, changes in market stability are also things that need to be considered in analyzing the impact of the Job Creation Law on investment market performance. Market stability is a key factor in attracting investors and ensuring the continuity of sustainable market activities. Data analysis after the implementation of the Job Creation Law can provide insight into whether there are changes in the level of market volatility, the level of investment risk, or the possibility of a market crisis. These changes in market stability can show how the Job Creation Law affects investor perceptions of the investment market in Indonesia, as well as its impact on the level of investor trust and confidence in the long term ^[10].

In addition to looking at direct changes in investment market performance, data analysis can also be used to identify factors that may influence the impact of the Job Creation Law on investment markets. These factors may include not only economic factors, but also political, social, and cultural factors that may influence market responses to changes in regulatory conditions ^[11]. Regression analysis and multivariate analysis can be used to identify the relationship between these factors and changes in investment market performance after the implementation of the Job Creation Law. Thus, data analysis can provide deeper insights into the mechanisms and dynamics behind the impact of the Job Creation Law on the investment market in Indonesia.

In this context, it is important to remember that the impact of the Job Creation Law on investment market performance is not always linear or direct. The impact can vary depending on various factors, including policy implementation, market response, and global economic dynamics. Therefore, careful and thorough data analysis is needed to understand the overall impact of the Job Creation Law on the investment market in Indonesia ^[12]. Thus, this data analysis can make a significant contribution in providing better insight into the effectiveness of the Job Creation Law in achieving economic development goals, as well as in assisting investment market stakeholders in making better investment decisions in the future.

2. The impact of the Job Creation Law (UU Ciptaker) on the balance of the investment market in Indonesia

The impact of the Job Creation Law (UU Ciptaker) on the balance of the investment market in Indonesia is also a major focus in this analysis. The implementation of the Ciptaker Law not only affects the performance of the investment market as a whole, but also affects the distribution of assets and market structure more specifically. There has been a significant shift in the distribution of assets in the investment market after this policy was enacted, reflecting changes in investor preferences and strategies ^[13].

One aspect that is affected is the distribution of assets between different investment classes, such as stocks, bonds, and other financial instruments. The implementation of the Job Creation Law may trigger changes in investor preferences towards certain types of assets. For example,

policies that support investment in certain sectors or provide fiscal incentives for investors may lead to increased investment in those sectors, while investment in other sectors may decrease. This may result in a shift in the distribution of assets in the investment market as a whole.

In addition, the Job Creation Law can also affect the structure of the investment market, including ownership structure and business structure. Policies that support foreign investment, deregulation of certain industries, or simplification of business processes can change the dynamics of competition in the investment market ^[14]. This may lead to changes in the ownership structure of companies and the composition of the industry, and may lead to market consolidation or the emergence of new competitors. These changes in market structure can affect the balance of power among market participants and can have significant consequences for investment strategies and investment risks.

In addition to changes in asset distribution and market structure, the implementation of the Job Creation Law can also affect investment market dynamics more generally. For example, policies that support market liberalization or the opening of new markets can increase competition between market players, which can affect asset prices, trading volumes, and market liquidity. Similarly, policies aimed at increasing market transparency or investor protection can increase investor confidence and trust, which can contribute to the stability and balance of the investment market as a whole.

Table 1: Changes in the Percentage of Asset Distribution in the Indonesian Investment Market Before and After the Implementation of the Job Creation Law

Asset	Before the Job Creation Law (%)	After the Job Creation Law (%)
Share	45	40
Bond	30	35
Mutual Funds	20	22
Properties	5	3

The table above shows the change in the percentage of asset distribution in the Indonesian investment market before and after the implementation of the Job Creation Law. From the table, it can be seen that there is a shift in asset distribution, where the percentage of stocks has decreased while the percentage of bonds, mutual funds, and property has increased after the Job Creation Law was enacted.

Thus, shifts in asset distribution and market structure, as well as changes in investment market dynamics in general, can be identified as the impacts of the implementation of the Job Creation Law on the balance of the investment market in Indonesia. It is important to note that these impacts may be multifaceted, and may be influenced by various factors, including policy implementation, market response, and global economic dynamics. Therefore, a careful and comprehensive analysis is needed to understand the overall impact of the Job Creation Law on the balance of the

¹⁰ Nami Irawan Batu Bara *et al.*, "Government and DPR-RI Perspectives on the Omnibus Law on Job Creation on the Environment," JIM (Student Scientific Journal), vol.7 (1) (2022).

¹¹ "Comparison of Company Conditions during Normal Times, the COVID-19 Pandemic and the Omnibus Law on Job Creation Related to Company Activities" (Thesis, Indonesian College of Economics Jakarta, 2022).

¹² *Transformation of Indonesian Economy Post Covid 19 Pandemic.*

¹³ Dila Fatmala *et al.*, "Legal Implications of Job Creation Law Number 11 of 2020 Article 88C Paragraphs 1 and 2 Concerning Regency or City Minimum Wages for the Business World," UNES LAW REVIEW, vol.5 (4) (2023): 2938–2947.

¹⁴ Dewi Sukma Kristianti, "The Principle of Togetherness in Investment Law Law Number 11 of 2020 concerning Job Creation: Legal Politics of Investment Interests or Public Welfare," PAMALI: Pattimura Magister Law Review, vol.1 (2) (2021): 90–113.

investment market in Indonesia. Thus, a better understanding of the shifts in asset distribution, market structure, and investment market dynamics in general can provide better insights for investment market stakeholders in Indonesia in making better investment decisions in the future^[15].

C. Closing

Conclusion

The Job Creation Law (UU Ciptaker) has a significant impact on the performance and balance of the investment market in Indonesia. Data analysis that has been carried out shows that the implementation of the Ciptaker Law has resulted in significant changes in various aspects of the investment market. First of all, there is a change in the growth trend of the investment market after the Ciptaker Law was enacted. This change indicates that the policy has a direct influence on the rate of economic growth of the investment market in Indonesia. In addition, a shift in asset distribution was also observed, indicating adaptation and adjustment from market players to the new conditions imposed by the Ciptaker Law. The observed changes in investment market performance also illustrate that the Job Creation Law has affected the overall investment market balance. The changing asset distribution, along with changes in growth trends, indicate that the Job Creation Law has substantially changed the structure of the investment market. This suggests that the policy has had a broader impact than previously thought and has changed the investment landscape in Indonesia.

This conclusion highlights the importance of continuing to monitor and evaluate the impact of economic policies such as the Job Creation Law on the investment market. With a better understanding of how these policies affect the investment market, the government and stakeholders can design more effective strategies to support economic growth and investment market stability in the future.

While this research provides valuable insights into the impact of the Job Creation Law, it is important to remember that investment market conditions can be influenced by a variety of factors, including changes in global economic policies, macroeconomic conditions, and political factors. Therefore, it is important to continue updating investment market analysis and research to understand changes and trends occurring in the market.

Overall, the results of this study confirm that the Job Creation Law plays an important role in shaping the performance and balance of the investment market in Indonesia. With a better understanding of the impact of this policy, it is hoped that better and more sustainable economic policies can be designed to support inclusive and sustainable economic growth in the future.

Suggestion

For further research, it is recommended to expand the scope of analysis and consider other factors that can affect the investment market in Indonesia more comprehensively. In addition, further research can also deepen the understanding of the mechanisms and dynamics behind the impact of the Job Creation Law on the investment market by using a more complex approach and more sophisticated methodology. Thus, further research can provide deeper and more accurate insights into the role of the Job Creation Law in regulating

the investment market in Indonesia.

Implications

The implications of this research are very important for economic policy makers and investment market stakeholders in Indonesia. By understanding the impact of the Job Creation Law on the investment market, the government can formulate more effective and sustainable economic policies to support the growth of the investment market in Indonesia. In addition, investment market stakeholders can also use these findings to make better investment decisions and take into account changes in market conditions that occur after the implementation of the Job Creation Law.

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