Research Article

Governance Capacity in Investment Management in Maros Regency

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Abstract.
Effective investment governance requires governance capacity that can accommodate the interests of various actors, regulate supportive regulations, and provide adequate resources. This study aims to analyze governance capacity in investment management in Maros Regency. This study uses a qualitative method with a case study approach, through in-depth interviews with key actors, field observations, and studies of regional investment policy documents. The stages of data analysis include data reduction, data presentation, and drawing conclusions. The results of the study show that in Maros Regency, the capacity of investment governance has been implemented quite well. Enabling rules of the game are reflected in regulations that support investment from the central government, but at the regional level there are no regulations that specifically regulate investment governance. Converging discourses are seen from the joint agreement between key actors in investment policy, including local governments, communities, and the private sector. Facilitating resources show adequate allocation of resources, such as funds and facilities, to support improving the quality of investment governance. However, there are challenges to be addressed, including coordination between government agencies that needs improvement.

Keywords: Collaborative Actors, governance capacity, investment governance, Regulatory Framework, Resource Allocation

1. Introduction

Investment is an important instrument in driving regional economic growth, expanding employment opportunities, and improving community welfare [1]. In the context of regional autonomy, the district government has a strategic role in creating a conducive investment climate through simplifying licensing, facilitating business actors, and ensuring legal certainty [2]. Maros Regency, as the main buffer zone for Makassar City, has various superior potentials such as the agricultural, tourism, and processing industry sectors. Maros Regency is one of the strategic areas in South Sulawesi Province that has great potential in attracting investment. In 2023, Maros was in fifth place in the highest investment realization in South Sulawesi, with a total investment reaching IDR

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897 billion. This achievement shows investor confidence in Maros Regency as one of the investment centers in South Sulawesi. However, even though it is in the top five, Maros' contribution to South Sulawesi's total investment is still relatively small compared to other areas such as Makassar City and Luwu Regency.

The Maros Regency Government has implemented various strategic programs to attract and manage investment with a primary focus on improving the business climate, empowering MSMEs, and simplifying the business licensing process. One important effort made is through simplifying the business licensing process. Through the Investment and One-Stop Integrated Service Office (DPMPTSP), the government has actively conducted socialization and technical guidance related to the implementation of risk-based business licensing. Currently, business actors in Maros Regency, especially those with low-risk businesses, can obtain a Business Identification Number (NIB) more easily through the Online Single Submission (OSS) application. This aims to improve business actors' understanding of the licensing process while simplifying the procedures that must be followed. In addition, increasing the capacity and compliance of business actors is also a concern of the local government. Through Technical Guidance organized by DPMPTSP, business actors are given an in-depth understanding of reporting obligations through the Investment Activity Report (LKPM). This LKPM is not only an administrative obligation, but also a government monitoring tool in assessing business actors' compliance with applicable regulations and as a material for formulating policies in order to create ease of doing business.

The Maros Regency Government also shows a strong commitment to empowering Small and Medium Enterprises (SMEs). Together with the BaKTI Foundation, the government organizes activities to strengthen business units at the village and sub-district levels. The goal is to encourage new business actors, especially in rural areas, to obtain business legality and wider access to the market.

Support for the business world and investment is also realized through the policy of providing incentives and investment facilities. The Maros Regency DPRD has ratified the Regional Regulation governing this, as an effort to expand access to the business world, increase the amount of incoming investment, create jobs, and improve the welfare of the community in general.

In the field of infrastructure and spatial planning, the Maros Regency Government has held a Focus Group Discussion (FGD) which discussed regional development strategies, especially in Bantimurung District. This activity is an important step in the preparation

of a more productive Detailed Spatial Plan (RDTR), supporting local economic growth, and ensuring sustainable and efficient spatial planning.

Not only that, Maros also shows its commitment to digital transformation by implementing the Smart City program. The success of Maros Regency in completing the Smart City Masterplan received appreciation in the form of an award from the central government. This is real evidence that the use of information technology has been used as a tool to improve public services and encourage regional development as a whole. Overall, if viewed, the licensing process and investment services in Maros Regency are managed in an integrated manner by DPMPTSP. Through the OSS application, business actors can now register their businesses online, with a system that is able to determine the level of risk and designation of business locations automatically in accordance with the Maros Regency RDTR. Furthermore, investment governance in Maros still faces various obstacles such as weak coordination between institutions, low bureaucratic capacity, and suboptimal participation of the community and private sector in the decision-making process [3].

To understand these issues, it is important to examine the concept of governance capacity as an analytical framework that can be used to evaluate the extent to which a governance system is able to respond to challenges and carry out its functions effectively. Governance capacity is defined as the ability of actors and institutions in a governance system to make collective decisions, implement policies, and learn and adapt to change [4]. Thi Kim Phung Dang et al. developed this framework in the context of forestry reform in Vietnam, emphasizing three main dimensions: (1) collective decision-making capacity, (2) implementation capacity, and (3) learning capacity [5]. This framework is dynamic and contextual, so it can be applied across sectors and scales of government, including in investment governance at the district level.

Previous studies have shown that low governance capacity is often a major factor in failure to attract sustainable investment [6]. Good governance capacity requires synergy between government, private and civil society actors within an institutional framework that supports collaboration, transparency and accountability [7]. Several studies have also highlighted the importance of adaptive governance in dealing with uncertainty and complexity of investment policies at the local level [8]. In this context, evaluation of governance capacity is very important, not only to assess current conditions but also as a basis for formulating more responsive and inclusive policies.

The urgency of this research lies in the importance of building an investment governance system that not only focuses on procedural and administrative aspects, but also pays attention to institutional capacity and interaction between actors in the policy process. Maros Regency as a developing region requires an adaptive governance approach based on cross-sector collaboration to optimize its investment potential sustainably. By using the governance capacity framework from Dang et al. [5], This study aims to analyze governance capacity in the investment management in Maros Regency,

2. Materials and Methods

This study uses a descriptive qualitative approach that aims to explore and understand in depth the governance capacity in investment management in Maros Regency. This approach was chosen because it is appropriate for studying complex social phenomena, such as institutional interactions, actor participation, and the dynamics of public policy implementation, which cannot be adequately explained through quantitative methods [9]. In line with Creswell's view, a qualitative approach allows researchers to explore the meaning contained in the experiences and social actions of policy actors contextually and interpretively [10].

This research is descriptive in nature because it attempts to describe the empirical conditions of investment governance capacity as it is, without intervention or testing of certain hypotheses [11]. Maros Regency was chosen as the research location because it is one of the strategic areas with quite significant investment growth in South Sulawesi. However, the investment governance process still faces various institutional challenges, making it a relevant context to be analyzed through the governance capacity lens.

Informants in this study were selected purposively, namely based on the researcher's consideration of anyone who has direct knowledge and experience related to the process of formulating, implementing, and evaluating investment policies in Maros Regency. Informants come from local government elements such as the Investment and One-Stop Integrated Service Office (DPMPTSP), the Regional Development Planning Agency (Bappeda), the entrepreneurs, and community leaders.

Data collection was conducted through semi-structured in-depth interviews, allowing for in-depth and open exploration of information in accordance with the context that developed during the interview process. In addition, data was also obtained through documentation studies of regional planning documents, laws and regulations, annual

investment reports, and official publications of local governments. Field observations were also conducted to understand the actual context of the implementation of investment policies in various strategic locations.

Data obtained from various sources were then analyzed using an interactive model from Miles and Huberman, which consists of three main stages: data reduction, data presentation, and drawing conclusions/verification [12]. Data reduction is done by sorting, selecting, and simplifying data from interviews and relevant documents, according to the focus of the research. After that, the data is presented in the form of a narrative, matrix, or thematic map to facilitate the identification of patterns and relationships between themes. The final stage is drawing conclusions, where researchers interpret the data that has been organized to answer research questions, while verifying the findings through the process of triangulation of sources and methods [13].

3. Results and Discussion

This study shows that the investment governance capacity in Maros Regency is in the fairly good category, as demonstrated by a number of strategic efforts by the local government in creating a conducive investment climate. The assessment was conducted using the governance capacity framework approach as developed by Dang et al. [5], which focuses on three main indicators: enabling rules of the game, converging discourses, and facilitating resources.

The enabling rules of the game dimension captures the existence of a legal framework and policies that regulate the course of investment in the region. In Maros Regency, the implementation of risk-based business licensing through the Online Single Submission (OSS-RBA) system has strengthened efforts to simplify investment regulations, especially for business actors with low risk levels. The Investment and One-Stop Integrated Service Office (DPMPTSP) plays an important role in the socialization and technical guidance related to the OSS system to business actors, which aims to simplify the legality process and accelerate investment realization.

This policy is in line with the principles of investment governance that encourage efficiency and legal certainty for investors, as emphasized in the concept of enabling rules [5]. Maros even received an award from the Ministry of Investment/BKPM in early 2025 for its success in providing ease of doing business and accelerating investment services. This marks recognition of the capacity of investment governance that is starting

to develop, although it has not been balanced with regional policies that regulate investment comprehensively and across sectors.

As a form of institutional improvement, Maros Regency has ratified the Regional Regulation on the Provision of Investment Incentives and Facilities, which is intended to expand investment access, create jobs, and encourage inclusive economic growth. However, this Regional Regulation still needs to be followed by strong implementation and supervision tools in order to be able to answer field challenges, including limited infrastructure and less than optimal cross-sector coordination.

The converging discourses dimension reflects the understanding among key actors on the importance of investment as an instrument of regional development. In Maros, there is synergy between the government, private sector, and the community in building a narrative that investment is not only oriented towards economic growth alone, but also on empowering local communities. This can be seen from the collaborative efforts between the Maros Regency Government and the BaKTI Foundation in empowering micro-enterprises at the village and sub-district levels. This program provides legal and market access for new business units, as well as strengthening the entrepreneurial capacity of village residents.

Community participation is also accommodated in the development planning process through public consultation forums and the preparation of RDTR (Detailed Spatial Plan) documents. One example is the FGD on the development of the Bantimurung area as part of an inclusive and pro-investment spatial strategy. However, community involvement still faces challenges in the form of minimal access to information and gaps between planning and policy implementation. Public discourse is not yet fully deliberative because the consultation process is often administrative and symbolic.

Dang et al. [5] emphasize that strong converging discourses can only be achieved if all actors feel heard and have real room for influence in decision-making. Therefore, a deeper participatory approach is needed, especially in strategic sectors such as tourism, industry, and agriculture, so that incoming investment does not give rise to social resistance or conflicts of interest.

The third dimension, facilitating resources, includes the availability and utilization of resources to support the implementation of investment policies. Maros has shown significant progress in this regard. In addition to digitalizing licensing services through OSS and the SIMPEL application, DPMPTSP has also developed outreach services and

SMS gateways to reach business actors in remote areas. This reflects public service innovation that brings services closer to the community.

On the other hand, Bimtek on LKPM reporting is carried out to improve business actors' compliance with regulations. LKPM is not only a monitoring tool, but also an important source of data in formulating evidence-based investment policies. The government is also actively promoting regional potential through various promotional activities, although it must be admitted that these efforts are still limited to traditional sectors such as trade and agriculture. On the infrastructure side, limitations are still a major issue. Several investment areas have not been reached by adequate transportation networks, thus hampering investor attraction. Likewise, the capacity of human resources in regional bureaucracies is still uneven in understanding the complexity of regulations and the OSS system. This is a real challenge in ensuring that available resources are used effectively.

Maros Regency's investment achievement in 2023 of IDR 897 billion places this region in the fifth highest ranking in South Sulawesi. This is a significant achievement and shows an increase in investor confidence in regional policies. However, structural challenges such as weak cross-sector coordination, dependence on certain sectors (such as property and agriculture), and suboptimal community participation and investment promotion are important concerns going forward.

The complexity of this issue demands an increase in overall governance capacity. In line with Kooiman's thinking that good governance is an interactive process involving government, society, and the market [14], the Maros Regency Government needs to be more active in building networks and organizational learning systems. Learning from previous practices and from other successful regions, strong institutional capacity is the key to maintaining the sustainability of long-term investment policies.

The research findings show that the investment governance capacity in Maros Regency has been running quite well, especially in terms of policy transparency, public service progress, and strengthening collaboration between actors. However, a number of obstacles are still faced, especially in terms of local regulations that are not yet strong, cross-sector coordination that is not yet optimal, and limited human resource capacity. This discussion integrates these findings with the governance capacity theoretical framework, not only from the perspective of Dang et al. [5], but also from other relevant literature.

First, in the enabling rules of the game dimension, the existence of a risk-based licensing system (OSS-RBA) and the ratification of the investment incentive regulation indicate that Maros Regency has taken important steps in creating legal certainty and bureaucratic efficiency. This is in line with Grindle's view that one indicator of governance capacity is the existence of consistent, structured, and responsive public policies to the local context [15]. The absence of regional regulations that holistically regulate investment is an important note. Without a clear regulatory framework at the regional level, the risk of overlapping policies and dependence on the center will continue. This emphasizes the need to increase regional institutional capacity, especially in legislative and policy formulation capabilities.

Second, the dimension of converging discourses in Maros is seen through the synergy between local government, business actors, and the community, especially in public consultation forums and the development of tourism areas such as Rammang-Rammang. However, in practice, this discourse still tends to be normative and not fully deliberative. As stated by Fischer, governance capacity is not only measured by the existence of discussion forums, but by the extent to which these actors have real influence on decisions [16]. Therefore, community involvement must be strengthened, not only as an object of socialization, but as a subject who helps determine the direction of investment policy in their area.

Third, in terms of facilitating resources, the findings show that the Maros Regency Government has provided various investment support facilities, including digitalization of services, LKPM Bimtek, and mentoring for business actors. However, human resource capacity, both technically and managerially, is still a major challenge. According to Pierre and Peters, effective governance requires a combination of formal structure and resource capacity, including competent human resources, supporting information systems, and adaptive work mechanisms [17]. Without strengthening the capacity of the apparatus at the technical level, the potential for digitalization and innovation of public services will not be maximized.

On the other hand, cross-sector coordination that is still not optimal is a classic problem in investment governance in Maros Regency. Although the organizational structure is available, each agency still shows a tendency to work alone. In the context of governance capacity, Healey emphasized the importance of building "institutional capacity" that does not only focus on formal rules, but also the ability to establish relationships between organizations, build trust, and manage conflicts of interest productively [18]. In this study in Maros Regency, this means the need for a cross-sector

mechanism that is able to unite visions, data, and actions between SKPDs, especially in strategic projects such as industrial area development and spatial planning.

Finally, investment governance capacity also requires adaptive capabilities in dealing with changes in the external and internal environment. As conveyed by Termeer et al., governance capacity in the context of policy complexity requires flexibility, learning ability, and the courage to make decisions in situations of uncertainty [19].

Maros Regency has shown initial steps in this direction, such as through participation in the Smart City program and RDTR mapping efforts, but the institutional learning process needs to be further strengthened so that investment policies can be more sustainable and responsive to regional needs. Overall, investment governance in Maros Regency shows a combination of institutional progress and structural challenges. In the future, strengthening governance capacity requires an approach that is not only technocratic, but also dialogical and participatory. Only then can investment truly become an instrument that not only drives economic growth, but also ensures social justice and environmental sustainability in the region.

4. Conclusion

This study shows that the investment governance capacity in Maros Regency has experienced positive developments, marked by various public service innovations, supporting regulations from the center, and synergy between the government, business actors, and the community.

The three main dimensions in the governance capacity theory, namely enabling rules of the game, converging discourses, and facilitating resources, have mostly been implemented quite well. The Maros Regency Government has proven to be able to facilitate investment through simplification of risk-based licensing regulations, improvement of public services, and empowerment of local business actors.

However, a number of challenges still hamper the effectiveness of governance, such as the absence of regional regulations that specifically regulate cross-sector investment governance, less than optimal coordination between agencies, and limited human resource capacity and investment support infrastructure. In addition, community participation is still not optimal and often does not fully impact strategic decision-making.

In general, governance capacity in Maros Regency has shown a better direction, but still requires institutional strengthening, increased bureaucratic competence, and

improvement of the cross-sector coordination system to ensure effective, sustainable investment that is in the public interest.

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