

CHAPTER I

INTRODUCTION

A. Context of Study

Law Number 6 of 2023 on the Stipulation of Government Regulation in lieu of Law Number 2 of 2022 on Job Creation Law in Indonesia was enacted to create simple and balanced regulations and licensing.¹ This is due to the complexity of the previous law, which discouraged foreign investors from investing in Indonesia.² Since foreign direct investment (FDI) is one of the main drivers of Indonesia's economic growth,³ the Job Creation Law was created to improve Indonesia's investment environment and attract more FDI.⁴

Article 25 of Law Number 25 of 2007 on Investment regulates matters concerning the licensing process for foreign direct investment.⁵ Due to its excessive approval requirements, many foreign investors were discouraged from investing in Indonesia.⁶ However, after the enactment of the Job Creation Law, Article 12 mandated a simplified licensing system. Therefore, Indonesia introduced a system called Online Single Submission (OSS).⁷ It aims to streamline the licensing process

¹ Law Number 6 of 2023 on the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation Law.

² Indonesia. *Booklet UU Cipta Kerja*. Jakarta: Ministry of Education and Culture, Directorate General of Higher Education, 2020. <https://dikti.kemdikbud.go.id/wp-content/uploads/2020/10/Booklet-UU-Cipta-Kerja.pdf>. Accessed October 16, 2024.

³ Presidential Regulation Number 49 of 2021 on Amendments to Presidential Regulation Number 10 of 2021 on Business Fields Open to Investment.

⁴ Khaliq, Abdul, and Ilan Noy. "Foreign Direct Investment and Economic Growth: Empirical Evidence from Sectoral Data in Indonesia." 2007.

⁵ Law Number 25 of 2007 on Investment, art 25.

⁶ Taduri, J. N. A. "The Legal Certainty and Protection of Foreign Investment against Investment Practices in Indonesia." *Lex Scientia Law Review* 5, no. 1 (2021): 119-138.

⁷ Government Regulation Number 5 of 2021 on the Implementation of Risk-Based Business.

for foreign investors, eliminate excessive approval requirements, and encourage them to invest in Indonesia.⁸

Law Number 13 of 2003 on Manpower regulates matters related to severance pay, hiring and firing procedures, and working hours. Despite that, many foreign investors did not choose Indonesia as the primary option for conducting FDI due to high labour costs and the difficulty of laying off workers compared to other countries. To solve those issues, the Manpower law was amended by the Job Creation Law Article 81, which regulates matters related to severance pay, hiring and firing procedures, and working hours in the Manpower law, which aims to create a more flexible contract and severance pay terms and introduce provisions for outsourcing to eliminate the high labour costs and difficulty of laying off workers, which are more favourable for employers.⁹

Law Number 32 of 2009, Articles 22 to 27 on Environmental Protection and Management, regulates matters related to environmental impact assessment.¹⁰ The environmental impact assessment (AMDAL) evaluates projects that may have an impact on the environment, ranging from low-risk to medium-risk to high-risk. A thorough evaluation is undertaken to protect the environment from hazardous projects. Even so, the process is considered slow and often causes significant delays in operations. As a result, the Job Creation Law has limited these assessments to

⁸ Setiawati, Diana, Chrisna Bagus Edhita Praja, Hary Abdul Hakim, and Muhammad Bagus Boy Saputra. "Indonesian Model Foreign Direct Investment (Omnibus Law): Learning from China." Department of Financial and Economic Law, Asia University, Taiwan; Faculty of Law, Universitas Muhammadiyah Magelang, Indonesia, 2020.

⁹ Mahy, Petra. "Indonesia's Omnibus Law on Job Creation: Legal Hierarchy and Responses to Judicial Review in the Labour Cluster of Amendments." *Asian Journal of Comparative Law* 17 (2022): 51–75.

¹⁰ Law Number 32 of 2009 on Environmental Protection and Management, art 22-27.

only high-risk projects, streamlining the process detailed in Government Regulation Number 22 of 2021 on Environmental Protection and Management.¹¹

Although beneficial in some aspects, the Job Creation Law has flaws that create challenges for foreign investors.¹² The lack of transparency and public involvement in making the law raised many concerns, as the law, which needs to reflect society's views, was seen as lacking and rushed.¹³ This is considered a violation of Law Number 13 of 2022 on the Second Amendment to Law Number 12 of 2011 on the Formation of Laws and Regulations, which advocates transparency in law-making and encourages public involvement, making the law formally flawed. Moreover, the law should not contradict any existing or higher laws, which the Job Creation Law fails to adhere to, resulting in overlap and creating legal uncertainty for foreign investors.¹⁴

In the manpower sector, creating a more flexible contract, severance pay terms, and introducing provisions for outsourcing can be seen as a solution to combat the high labour costs and difficulty of laying off workers, which creates a better climate for investment.¹⁵ However, implementing Article 81 of the Job Creation Law involves hefty costs. Reducing workers' human rights guarantees is

¹¹ Government Regulation Number 22 of 2021 on Environmental Protection and Management.

¹² Dewi, Anak Agung Sagung Laksmi, Mella Ismelina Farma Rahayu, Ni Made Puspasutari Ujianti, Hartini Saripan, and Anak Agung Ngurah Adhi Wibisana. "The Urgency of Indonesian Omnibus Law Implementation Related to Foreign Investment." *Substantive Justice* 6, no. 2 (December 2023): 83–93.

¹³ Siregar, Audy Amelia. "Legal Studies on Omnibus Law Issues in Indonesia." *International Asia of Law and Money Laundering* 1, no. 4 (December 2022).

¹⁴ Law Number 13 of 2022 on the Second Amendment to Law Number 12 of 2011 on the Formation of Laws and Regulations.

¹⁵ Putro, Tri Anggoro. "Establishment of Omnibus Law in Solving Investment Issues in Indonesia." *Indonesian Comparative Law Review* 3, no. 2 (2021): 105–123.

unavoidable, creating disharmony between employers and employees. This can lead to social unrest, a concern for foreign investors who prioritize stability and adherence to international labour standards.¹⁶

In the environmental sector, limiting the environmental impact assessment (AMDAL) to only high-risk projects, as well as streamlining the process to eliminate delays in their operations, may seem beneficial for foreign investors. Even so, the implementation of Government Regulation Number 22 of 2021 on Environmental Protection and Management¹⁷, which limits the evaluation to only the high-risk projects, can create problems for the low-risk and the medium-risk projects not assessed by AMDAL, reducing environmental protection that can potentially damage the environment and develop disputes related to environmental degradation that can create drawbacks for the investors.¹⁸

The Job Creation law also lacks provisions for resolving investor-state disputes, which creates legal uncertainty for foreign investors engaged in FDI. While the dispute resolution mechanisms available to foreign investors in Indonesia are improving, they still need to be improved.¹⁹ Domestic courts are often viewed as inefficient, inconsistent, and unpredictable. At the same time, uncertainty around

¹⁶ Samawati, Putu, and Shinta Paramita Sari. "Problematic of the Draft of Omnibus Law on Job Creation in Indonesia." *Journal of Xi'an University of Architecture & Technology*, 2020.

¹⁷ Government Regulation Number 22 of 2021 on Environmental Protection and Management.

¹⁸ Sembiring, Raynaldo, Isna Fatimah, and Grita Anindarini Widyarningsih. "Indonesia's Omnibus Bill on Job Creation: A Setback for Environmental Law?" *Chinese Journal of Environmental Law* 4 (2020): 97–109.

¹⁹ Khatimah, Khusnul. "The Dispute Settlement over Foreign Investment in Indonesia." *UNES Law Review* 5, no. 4 (2023).

Bilateral Investment Treaties (BITs) and protections under international frameworks can discourage foreign investors.²⁰

With Indonesia's new Capital City (IKN) development, the government also enacted a regulation for Investment in IKN. Law Number 3 of 2022 on the National Capital (IKN Law) was issued to attract investors to IKN.²¹ Due to the high amount of capital needed to develop the IKN, the government of Indonesia issued Law Number 3 of 2022 on the National Capital (IKN Law) to help address this issue by giving investment incentives, introducing the Public-Private Partnerships (PPP) schemes, and streamlining licensing processes under the Job Creation Law. Since this law only applies to IKN and not the entirety of Indonesia, this will not be seen as an issue in this thesis, following the problems of the Job Creation Law itself.²²

Therefore, in this thesis, the writer will assess the Job Creation Law and suggest legal protection for foreign investors in the FDI framework by addressing the legal uncertainty due to the inconsistency of regulation, challenges in accessing fair dispute resolution mechanisms, weak enforcement of rules and investors' rights, and bureaucratic complications such as corruption in the licensing process.²³ This can ultimately promote a more conducive and stable environment for foreign investment, ensuring compliance with international standards and promoting

²⁰ United Nations Conference on Trade and Development (UNCTAD). *Investment Policy Hub: Bilateral Investment Treaties (BITs)*. <https://investmentpolicy.unctad.org/international-investment-agreements>. Accessed December 3, 2024.

²¹ Law Number 3 of 2022 on the National Capital (IKN Law)

²² Kodir, A., N. Hadi, I. K. Astina, D. Taryana, N. Ratnawati, and Idris. "The Dynamics of Community Response to the Development of the New Capital (IKN) of Indonesia." *In Development, Social Change and Environmental Sustainability*, (2021): 202-224.

²³ "Analisis Perlindungan Hukum Investasi Asing Pasca UU Cipta Kerja." *Law & Justice*. <https://law-justice.co/artikel/152905/analisis-perlindungan-hukum-investasi-asing-pasca-uu-cipta-kerja/>. Accessed October 16, 2024.

sustainable investment practices, which is crucial for Indonesia's economic growth and development.

B. Problem Formulation

According to the background of the study, the problem formulations for this research are:

1. To what extent has the investment law reform under the Job Creation Law changed the legal protection for Foreign Direct Investment?
2. How does the Job Creation Law align with Bilateral Investment Treaty standards in protecting foreign investors?

C. Research Objectives

The objectives of this research are:

1. To assess how the Job Creation Law's investment reforms have affected the protection of Foreign Direct Investment.
2. To assess the extent to which the Job Creation Law aligns or differs from Bilateral Investment Treaty standards in protecting foreign investors.

D. Originality of Research

This research examines the impact of the Job Creation Law on the legal protection provided to foreign investors within the foreign direct investment framework. While previous studies have addressed legal protection for foreign investors, this research aims to assess how the reforms introduced by the Job Creation Law affect foreign investment and investor protection. It also seeks to determine whether the Job Creation Law aligns with international investment standards.

First, Januari Nasya Ayu Taduri wrote research on “The Legal Certainty and Protection of Foreign Investment Against Investment Practices in Indonesia,” where she explored whether foreign investors are sufficiently protected under Indonesian law. She highlighted areas where the law could be improved to ensure legal certainty and foster a more favourable investment environment. Her focus is on providing general research on Indonesia’s Investment Law and its impact on foreign investors.

Second, in “Legal Studies on Omnibus Law Issues in Indonesia,” research was written by Audy Amelia Siregar. She addressed the gap between the expectations of the Omnibus Law and its actual implementation in Indonesia. She explored the nature of the Omnibus Law, focusing her research on the implementation of the law to determine whether it can resolve or exacerbate regulatory issues.

Third, Tri Anggoro Putro's research “Establishment of Omnibus Law in Solving Investment Issues in Indonesia” addressed the appropriateness of the Omnibus Law for improving Indonesia’s investment environment. The writer highlighted that Indonesia’s investment environment was performing exceptionally well compared to other Asian countries, making the reform questionable. In contrast, this research mainly focuses on the unattended consequences of the Omnibus Law, such as legal uncertainty and the reduction of workers' human rights protection.

Fourth, research conducted by Adnan Hamid, “Analysis of the Importance of Omnibus Law ‘Cipta Kerja’ In Indonesia,” addressed the potential consequences

of the Job Creation Law on labour rights. This research focuses on how the job creation law could compromise constitutional rights in favour of investment priorities. Neglecting the labour rights of Indonesian citizens raises questions about the alignment of law and constitutional assurance.

Fifth, Putu Samawati and Shinta Paramita Sari wrote research on “Problems of the Draft of Omnibus Law On Job Creation in Indonesia,” where they analysed the advantages and disadvantages of the Omnibus Law, particularly the competing interests of the balance of investment growth, labour rights, and environmental standards. They analyse the omnibus law favouring employers over employees and concerns about the expanding executive power in Indonesia.

No.	Sources	Outcome of the Research	Main Differences
1.	Taduri, J. N. A. "The Legal Certainty and Protection of Foreign Investment Against Investment Practices in Indonesia." <i>Lex Scientia Law Review</i> 5, no. 1 (2021).	Explored whether foreign investors are sufficiently protected under Indonesian law. Highlight areas where the law could be improved to ensure legal certainty and foster a more favourable investment environment.	This research provides general research on Indonesia’s Investment Law and its impact on foreign investors.
2.	Siregar, Audy Amelia. "Legal Studies on Omnibus Law Issues in Indonesia." <i>International Asia of Law and Money Laundering</i> 1, no. 4 (December 2022).	Addressed the gap between the expectations of the Omnibus Law and its actual implementation in Indonesia.	This research explores the nature of the Omnibus Law. It focuses her research on analysing the implementation of the Omnibus Law to address whether the law can resolve or worsen the regulatory issues.

3.	Putro, Tri Anggoro. "Establishment of Omnibus Law in Solving Investment Issues in Indonesia." <i>Indonesian Comparative Law Review</i> 3, no. 2 (2021).	Addressed the issue of the appropriateness of the omnibus law for improving Indonesia's investment environment. It highlights that Indonesia's investment environment was performing exceptionally well compared to other Asian countries, making the reform questionable.	This research mainly focuses on the unattended consequences of the Job Creation Law, such as legal uncertainty and a reduction in workers' human rights protection.
4.	Hamid, Adnan. "Analysis of the Importance of Omnibus Law 'Cipta Kerja' in Indonesia." <i>International Journal of Scientific Research and Management</i> 8, no. 8 (2020).	Addresses the potential consequences of the Job Creation Law on labour rights.	This research focuses on how the Job Creation law could compromise constitutional rights in favour of investment priorities. Neglecting the labour rights of Indonesian citizens raises questions on the alignment of law and constitutional assurance.
5.	Samawati, Putu, and Shinta Paramita Sari. "Problematic of the Draft of Omnibus Law on Job Creation in Indonesia." <i>Journal of Xi'an University of Architecture & Technology</i> , 2020.	Analysing the advantages and disadvantages of the Job Creation Law, particularly on the competing interests of the balance of investment growth, labour rights, and environmental standards.	This research analyses the Job Creation law, favouring employers over employees, and concerns about the expanding executive power in Indonesia.

E. Literature Review

1. Foreign Direct Investment Framework

Foreign Direct Investment (FDI) occurs when a business or individual invests in a country other than its own. It includes buying stock in a company, opening branches or subsidiaries, or forming joint ventures with local companies. FDI presents benefits, including new capital, job creation, and increased production capacity, which boost the country's economic growth.²⁴ To attract foreign investors, a country must provide strong legal protection and a stable and secure investment environment. Foreign investors might hesitate to invest without legal protection, limiting economic opportunities and growth.²⁵

To encourage investment and economic growth globally, international norms governing FDI prioritize creating a fair and secure environment for foreign investors and focusing on investor rights, legal protection, and dispute resolution mechanisms. It ensures that foreign investors are treated equally and protected from expropriation.²⁶ Organizations such as the World Trade Organization (WTO) and the International Centre for Settlement of Investment Disputes (ICSID) help to protect these rights by providing legal frameworks and sufficient dispute resolution mechanisms. Furthermore, Bilateral Investment Treaties (BITs) and multilateral agreements offer further protection, promoting transparency and stability.²⁷

There are many opportunities for FDI in emerging markets, including growing customer markets, untapped resources, and investment in infrastructure.

²⁴ Kawai, Hiroki. "International Comparative Analysis of Economic Growth: Trade Liberalization and Productivity." *Developing Economies* 32 (1994): 372-97.

²⁵ Hatchondo, Juan Carlos, and Leonardo Martinez. "Legal Protection to Foreign Investors." *Economic Quarterly* 97, no. 2 (2011): 175-187.

²⁶ Moosa, Imad A. *Foreign Direct Investment: Theory, Evidence, and Practice*. London: Palgrave Macmillan, 2002.

²⁷ United Nations Conference on Trade and Development, Division on Investment, Technology and Enterprise Development. *Transnational Corporations*, vol. 12, no. 2 (August 2003).

However, these opportunities come with challenges, including political instability, complex regulation, and underdeveloped infrastructure, which are risks for investors. Other issues like corruption, currency instability, and limited access to skilled labour make investment difficult. Therefore, the government must guarantee strong legal protection and a stable and secure environment for FDI in this region.²⁸

2. Theory of Legal Protection for Foreign Investors

Legal certainty and protection mechanisms are crucial to create a stable and secure environment for foreign investors. They guarantee investors' property rights, uphold the contract, and protect them from unlawful expropriation. A clear and consistent law encourages investors to operate, knowing they are sufficiently protected. The theory of legal protection emphasizes principles such as national treatment and non-discrimination, protection against expropriation, fair and equitable treatment (FET), and complete protection and security.²⁹ These principles aim to safeguard investors from arbitrary actions and ensure stability in the legal and regulatory framework. Legal certainty and protection are essential in an emerging market due to the less predictable legal framework.³⁰ Compared with the global standard provided by BITs, MITs, and FTAs, countries with strong and

²⁸ Babatunde, Solomon, Oluwaseyi Awodele, and Onaopepo Adeniyi. "Opportunities and Challenges of Foreign Direct Investment Utilisation and Its Impact on the Construction Sector in Developing Countries." *Journal of Financial Management of Property and Construction* 23, no. 2 (2018): 239–256.

²⁹ Muchlinski, Peter. *Multinational Enterprises and the Law*. 2nd ed. Oxford: Oxford University Press, 2007.

³⁰ Dolzer, Rudolf, and Christoph Schreuer. *Principles of International Investment Law*. 2nd ed. Oxford: Oxford University Press, 2012.

secure regulations attract more foreign investors due to their certainty and protection.³¹

To create certainty and protect foreign investors, dispute resolution mechanisms for FDI focus on providing a forum for dispute resolution between investors and host states. The theory also focuses on the importance of dispute resolution, supporting mechanisms like international arbitration to resolve conflicts fairly and impartially. International arbitration, such as the ICSID, offers a platform for investors who seek legal action when their rights are violated.³² In Indonesia, while local courts exist, international arbitration is still favoured because local courts are still seen as lacking. Arbitration is favoured due to its unbiased, binding decisions and enforceability.³³

Before the Job Creation Law was enacted, Investment was regulated by Law Number 25 of 2007 on Investment, which focused on protection against nationalization and unlawful expropriation and equal treatment for foreign and domestic investors. This aligns with the theory's emphasis on protection against expropriation and equal treatment as cornerstones of legal certainty. Meanwhile, the Job Creation Law is focused on streamlining the regulation, making it easier for investors to navigate. It simplifies the licensing process, removes any sectoral restrictions, and improves labour, all to enhance foreign investment and economic

³¹ Chidede, Talkmore. *Legal Protection of Foreign Direct Investment: A Critical Assessment with Focus on South Africa and Zimbabwe*. Hamburg: Anchor Academic Publishing, 2016.

³² *International Centre for Settlement of Investment Disputes (ICSID). ICSID Convention, Regulations and Rules*. Washington, D.C.: International Bank for Reconstruction and Development, 2006.

³³ Bashmill, H. "Foreign Investment Disputes Settlement under ICSID and the Protection of FDI." *Journal of Internet Banking and Commerce* 21, no. 1 (April 2016).

growth in Indonesia.³⁴ Such regulatory reforms contribute to achieving the theory's goal of ensuring fairness, reducing complexity, and improving investors' confidence.

3. Job Creation Law (Law Number 6 of 2023)

Law Number 6 of 2023 on the Stipulation of Government Regulation in lieu of Law Number 2 of 2022 on Job Creation brings significant reforms to attract FDI. The law is created to simplify regulation, merging over 70 laws to make it easier for businesses to abide by the law. It also focuses on streamlining the licensing process through Online Single Submission (OSS). The law also lessens restrictions on various sectors, removes many negative investment lists, and opens more industries for foreign investors, making Indonesia a more attractive investment environment.³⁵

The Job Creation Law also significantly changed investment-related regulations in Indonesia. It introduced more flexible contracts, severance pay terms, and provisions for outsourcing.³⁶ Moreover, it also simplifies environmental permits, limiting the environmental impact assessment (AMDAL) to only high-risk projects and streamlining the process.³⁷ The Job Creation Law aims to create simple and balanced regulations and licensing by implementing the above rules.³⁸

F. Operational Definitions

³⁴ Setiawati et al., *Indonesian Model Foreign Direct Investment*, *op. cit.*

³⁵ Indonesia, *Booklet UU Cipta Kerja*, *op. cit.*

³⁶ Mahy, "Indonesia's Omnibus Law on Job Creation," *op. cit.*, 51–75.

³⁷ Sembiring, "Urgensi Perjanjian Investasi Bilateral," *op. cit.*, 97-109.

³⁸ Bambang RJ. *Hukum Ketenagakerjaan*. Bandung: Pustaka Setia, 2013.

This part provided a brief explanation of the terms used in the research to avoid misinterpretation. The terms that require explanation are as follows:

1. Foreign Direct Investment (FDI)

A form of cross-border investment is when an individual or business with operations in one nation owns a productive asset in another nation. Investments made by individuals, companies, or other entities from one nation (the investing country) into businesses or assets in another nation (the host country) can take many forms, including buying stock in a company, opening branches or subsidiaries, forming joint ventures with local partners, and investing in infrastructure and real estate projects.³⁹

2. Legal Protection

Legal protection refers to insurance coverage that protects individuals, families, businesses, and professionals in various legal matters, including criminal and misdemeanour cases and labour disputes. The primary goal of legal protection is to protect individuals, families, businesses, and professionals from unexpected risks and legal conflicts, ensuring that they have access to legal representation and support when needed. This coverage can help alleviate the stress and financial burden of legal challenges, offering peace of mind in an often complex and intimidating legal landscape.⁴⁰

3. Omnibus Law

³⁹ Te Velde, Dirk Willem. "Foreign Direct Investment and Development: An Historical Perspective." Background paper for *World Economic and Social Survey for 2006*, January 30, 2006.

⁴⁰ Smelser, Neil J., and Paul B. Baltes, eds. *International Encyclopedia of the Social & Behavioral Sciences*, vol. 12 (2001): 8447.

Omnibus Law is a regulatory approach that combines various cross-sectoral regulations into a single legal framework. It aims to correct conflicting and overlapping regulations and simplify and streamline legal frameworks. Omnibus law often includes a wide range of laws, such as labour, environmental, and investment. Combining various regulations simplifies administrative processes and reduces redundancies, promoting economic growth by creating a more favourable investment climate.⁴¹

G. Research Method

1. Type of Research

This research is conducted based on normative legal research. This research is classified as normative legal research because the data is compiled from library materials or secondary data as sources.⁴²

2. Method of Research

In this research, the writer used several approaches in normative legal research, such as:

a. Statutory Approach

The statutory approach involves analysing all applicable laws and regulations related to the discussed legal issue.⁴³ In this approach, the writer will examine the laws and regulations related to the research, which will be used to analyse the Job Creation Law, the legal protection

⁴¹ “Omnibus Law: The Purpose and Benefits.” ADC Law. <https://adcolaw.com/blog/omnibus-law-the-purpose-and-benefits/>. Accessed October 16, 2024.

⁴² Soekanto, Soerjono, and Sri Mamudji. *Penelitian Hukum Normatif: Suatu Tinjauan Singkat*. Jakarta: Raja Grafindo Persada, (2003): 13.

⁴³ Muhaimin. *Metode Penelitian Hukum*. Mataram: Mataram University Press, (2012): 67-68.

for foreign investors based on the applicable law, and the international standards that the Job Creation Law should follow.

b. Historical Approach

The historical approach involves assessing the background and order of development of the discussed legal issues.⁴⁴ This is related to the research object, which concerns the effect of the Job Creation Law on legal protection for foreign investors in the foreign direct investment framework (FDI) and its alignment with International Standards.

c. Conceptual Approach

The conceptual approach involves providing a comprehensive understanding of the laws and regulations. This approach examines the legal protection the Job Creation Law provides to safeguard foreign investors in the foreign direct investment (FDI) framework and its arrangement with International Standards.⁴⁵

3. Object of Research

The object of this research is the Job Creation Law, which provides legal protection for foreign investors within the framework of foreign direct investment (FDI), and its alignment with International Standards.

4. Sources of Research Data

The present study employs the normative legal research method, which relies on secondary data sources to collect, review, and look for

⁴⁴ Muhaimin, *Metode Penelitian Hukum, op. cit.*, 67–68.

⁴⁵ Ibrahim. *Teori dan Metodologi Penelitian Hukum Normatif*. 3rd ed. Malang: Bayumedia Publishing, (2007): 300.

relevant documents and libraries. The legal materials used in this research include:

a. Primary Legal Material

Primary Legal Material includes Law Number 6 of 2023 on the Stipulation of Government Regulation in lieu of Law Number 2 of 2022 on Job Creation Law, Law Number 25 of 2007 on Investment, Law Number 32 of 2009 on Environmental Protection and Management, Government Regulation Number 5 of 2021 on the Implementation of Risk-Based Business, Government Regulation Number 22 of 2021 on Environmental Protection and Management, Presidential Regulation Number 49 of 2021 on Amendments to Presidential Regulation Number 10 of 2021 on Business Fields Open to Investment, International Centre for Settlement of Investment Disputes (ICSID) Convention, and Bilateral Investment Treaties (BITs).

b. Secondary Legal Material

Secondary Legal Materials are used to support primary legal materials. This includes journals and literature books that can be used as references to support this research.

c. Tertiary Legal Material

Tertiary Legal materials are used to support secondary legal materials. This includes legal dictionaries and terminology related to the research object.

5. Method of Data Collection

The data collection method will be a literature study and a document study approach. Data from primary, secondary, and tertiary legal material related to job creation law, foreign direct investment (FDI), and legal protection will be examined.

6. Data Analysis

The descriptive analysis method is used to summarize and describe the characteristics of the legal issue. It provides a straightforward understanding of the basic features of the problem, allowing for a direct presentation of patterns, trends, and relationships.⁴⁶

H. Structure of Writing

Chapter I provides an overview of the research, including the background of the study, problem formulation, research objectives, originality of research, literature review, operational definitions, research method, and writing structure.

Chapter II is a theoretical review that will discuss theories related to problem formulations concerning the Job Creation Law regarding the legal protection of foreign investors in Indonesia's foreign direct investment (FDI) framework.

Chapter III will answer the research problem formulation. First, it will explain how the changes in the Job Creation Law affect foreign investment and investor protection. Second, it will answer the question of to what degree the

⁴⁶ Nazir, Moh. *Metode Penelitian*. Jakarta: Ghalia Indonesia, 2005.

Job Creation Law aligns with or differs from international standards in protecting foreign investors.

Chapter IV is the final chapter. The conclusion of the research, along with the recommendations related to the issue, will be provided.