



The Impact of the Job Creation Law on Spatial Planning Policy: Challenges and Opportunities

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Abstract - The birth of the Job Creation Law brings significant changes to spatial planning policies in Indonesia, with deregulation aimed at increasing investment and permitting efficiency. However, these changes also raise concerns regarding environmental sustainability and effective spatial governance. This research aims to evaluate the impact of the Job Creation Law on spatial planning policies in Indonesia and offer policy recommendations that can balance investment interests with environmental sustainability needs. This research use normative legal research employs a conceptual and statutory approach. Data were collected through literature studies that included legislation and scientific literature and then analyzed qualitatively from a legal perspective. The research results indicate that the Job Creation Law creates opportunities for increased investment but poses significant challenges in terms of oversight, coordination, and environmental preservation. Deregulation that facilitates land permits risks causing environmental degradation and conflicts of interest, especially in areas with high ecological vulnerability. The implications of this research are the importance of developing more adaptive spatial planning policies, strengthening implementation capacity at the regional level, and improving coordination between the central and regional governments. In addition, community involvement needs to be enhanced to support accountability and sustainability in spatial planning during this era of regulatory changes.

Keywords: Spatial Planning, Job Creation Law, Environmental Sustainability

I. INTRODUCTION

Indonesia's rapid population and economic growth have heightened the demand for facilities and infrastructure, posing significant challenges for spatial planning. With a vast territory of over 17,000 islands and abundant natural resources, effective resource management is essential to ensure sustainable development. Government intervention is critical to addressing these challenges and meeting community needs. Law plays a crucial role in driving the modernization process in development. Among the significant legal foundations established to support development activities is the Job Creation Law, initially enacted as Government Regulation in Lieu of Law Number 2 of 2022 and later formalized through Law Number 6 of 2023. This law has amended various legal frameworks, including Law Number 26 of 2007 concerning Spatial Planning, to better align with modernization and development goals, (Jazuli, 2017).

The rapid expansion of infrastructure and housing in Indonesia has spread beyond urban centers to peripheral areas. While this growth is expected to boost the community's economy, it also raises significant concerns regarding the sustainability of environmental functions, including natural and social systems. A critical issue is the loss of spatial planning

functions, which plays a vital role in maintaining balanced and sustainable growth in these areas, (Yustia & Fatimah, 2020).

The existence of limited space and the growing public understanding of the importance of spatial planning necessitate the organization of spatial planning that is transparent, effective, and participatory in order to create safe, comfortable, productive, and sustainable spaces aimed at the social and economic welfare of the community as well as environmental protection. Spatial planning is expected to support economic growth by creating a conducive investment climate. This includes ease of permitting and infrastructure development in accordance with the spatial planning.

The Job Creation Law has several important objectives in the context of spatial planning in Indonesia, including simplification of the Licensing Process, Integration of Spatial Planning, Suitability of Spatial Utilization Activities (KKPR), Support for Investment, and Enhancement of Human Resource Capacity. The Job Creation Law aims to create a more efficient, transparent, and responsive spatial planning system to meet the needs of development and investment in Indonesia. Regulations have the power to influence the intended goals. Therefore, Spatial Planning is a key component in sustainable development planning. With the enactment of the Job Creation Law, there is hope to expedite the licensing process and increase investment.

This research aims to evaluate the impact of the Job Creation Law on spatial planning policies in Indonesia, focusing on identifying challenges and opportunities that arise in the context of spatial governance at the national and regional levels. Amid the government's efforts to accelerate economic growth through deregulation that simplifies licensing, there is an urgent need to understand how these new regulations affect spatial structure, which directly impacts environmental preservation and the welfare of local communities. This research not only aims to analyze the policy changes brought about by the Job Creation Law but also to provide policy recommendations that can balance investment interests and environmental sustainability needs. By exploring various perspectives on Spatial Governance and considering the differences in implementation capacity between the central and regional governments, this research hopes to provide deep and comprehensive insights that are beneficial for the development of Spatial Policy that is responsive and adaptive to the dynamics of development and environmental sustainability in Indonesia.

II. METHOD

This research utilizes a normative legal research method, combining a conceptual and statutory approach, to analyze legal norms and principles that are pertinent to spatial planning policies and their influence on environmental governance (Soemitro, 1982). The normative approach focuses on theoretical studies of applicable regulations, including the Job Creation Law, and examines how these regulatory changes affect spatial planning policies at both the national and regional levels. Through a juridical analysis of regulations related to spatial planning, this research aims to understand the changes in spatial planning policies in Indonesia and the challenges and opportunities arising from this deregulation.

Normative legal research employs library research to gather relevant primary, secondary, and tertiary legal materials through data collection techniques (Amirudin & Asikin, 2004). Primary legal materials include legislation such as the Job Creation Law (Law Number 6 of 2023), Government Regulations, and other regulations related to spatial planning and the environment in Indonesia. Secondary legal materials consist of academic literature, indexed scientific journals, articles, and research findings relevant to spatial planning issues and the implications of economic policies on the environment. The used literature encompasses reputable journals that enhance the in-depth academic analysis of spatial planning and environmental policies.

Data analysis in this study uses qualitative juridical analysis methods, where data collected through literature study is interpreted and critically evaluated to identify the legal implications of the implementation of the Job Creation Law on spatial planning policies (Ibrahim, 2015). This analysis not only outlines the substance of existing regulations but also explores the potential impact of deregulation policy implementation on the balance between

economic growth and environmental sustainability. This method facilitates the thorough identification and assessment of how new regulations align with sustainability principles and ecosystem protection, thereby establishing a foundation for well-balanced policy recommendations that Indonesian government levels can implement.

III. RESULT AND DISCUSSION

A. Evaluation of the Impact of the Job Creation Law on Spatial Planning Policies in Indonesia

The government, acting as a policy maker, intends to implement the Spatial Planning Policy as a step in the administration of spatial planning in Indonesia over a specific period (Wahid, 2014). As an object within the scope of spatial planning, the Spatial Planning Policy inherently refers to the validity period of the Spatial Planning Law that regulates it. This is necessary to provide legal certainty and authority, and to serve as a guideline in the administration of spatial planning, whether at the national, provincial, or district/city level.

Spatial planning emphasizes "tata" as the arrangement of spaces within a region or area, creating conditions that are beneficial economically, socio-culturally, politically, and advantageous for the local community's development (Wahid, 2014). This emphasis is expected to develop the functions of the state mandated by Article 2 paragraph (2) of Law Number 5 of 1960 concerning the Basic Agrarian Law (UUPA), which includes (Harsono, 2000):

1. Regulating the administration of allocation, use, provision, and maintenance of space (in the three-dimensional sense: land, water, and air) and the wealth contained within it;
2. Regulating and determining the relationship between people and space;
3. Determining and regulating the legal relationship between people and legal acts concerning space is crucial.

The implementation of the Job Creation Law has brought substantial changes to spatial planning policies in Indonesia, both in regulatory structure and in the implementation of spatial planning at various levels of government. Known for its omnibus law approach, the Job Creation Law unifies various regulations, previously scattered across different sectors such as land permits and spatial utilization, into a single integrated regulation. In the context of spatial planning, this change aims to simplify licensing procedures, reduce bureaucratic obstacles, and create a more conducive investment climate. However, these changes not only bring opportunities but also pose complex challenges that impact environmental sustainability and balanced spatial governance.

With the enactment of the Job Creation Law, it has a significant impact on Spatial Planning Policy in Indonesia, some of its implications include:

1. Improvements in spatial planning
Spatial utilization permits can be used in the Spatial Utilization Activity Suitability (KKPR) mechanism to make the permitting process easier, streamline the spatial planning process, and make things easier for people who want to do business. This means that anyone or any organization wanting to do business only needs to get a business permit, which includes the spatial utilization permit.
2. Centralization of licensing
Previously, spatial utilization permits (IPR) and business permits were two separate processes. With the Job Creation Law, business licensing now includes spatial utilization permits, thereby reducing the bureaucratic steps required to start a project. This law introduces KKPR as a replacement for IPR, which serves to simplify the basic requirements for business licensing. The central government issues KKPR, which business operators must obtain permits for (Maulana & Khair, 2023).
3. Ease of land conversion
People often carry out the process of land conversion without thoroughly studying its impact on the environment and food security. This issue has escalated significantly, particularly when industrial growth and urbanization fail to align with effective planning. One important change is the removal of the obligation to provide replacement land for the conversion of

rice fields. In the previous regulations, every conversion of agricultural land had to be accompanied by the provision of a larger replacement. However, the Job Creation Law has made this optional, thereby accelerating the land conversion process. With the issuance of Government Regulations derived from the Job Creation Law, the process of converting agricultural land to non-agricultural uses, such as housing and industrial areas, has become easier and faster with the introduction of this regulation, giving hope that obtaining land use conversion permits will be more accessible (Masayu, 2021).

4. Impact on food security

Predictions indicate a further increase in the conversion of rice fields to non-rice fields. The Ministry of Agrarian Affairs and Spatial Planning (ATR) noted that the need for new land for housing and industry reaches 150 thousand hectares per year, while the capacity to create new rice fields is only around 60 thousand hectares. This has the potential to threaten national food security due to the decreasing amount of agricultural land. Unplanned land conversion can cause environmental damage and reduce food production. Many small farmers choose to sell their rice fields for more economically profitable projects, such as building boarding houses or other small businesses. The Job Creation Law facilitates land conversion in a faster and more efficient manner but also poses serious risks to food security and the environment in Indonesia. This challenge requires serious attention from the government to ensure that development does not sacrifice natural resources and the welfare of the community (Susanti, 2021).

5. Centralization of authority and supervision

The Job Creation Law, which transfers many spatial planning authorities from regional governments to the central government, has the potential to weaken supervision over land use. This can lead to conflicts of interest and inconsistencies between regional and central policies. With the transfer of authority, supervision of space utilization has become less effective. Many parties fear that land conversion will proceed arbitrarily without community participation and adequate control (Masayu, 2021).

6. Infrastructure development

The Job Creation Law supports infrastructure development by facilitating the land use conversion process for national strategic projects. (PSN). People often do this without taking into account the long-term impact on food security and the environment.

7. Limitations of Spatial Planning

The removal of several provisions in the previous Spatial Planning Law can lead to ambiguities in spatial planning, causing infrastructure projects to overlook the need for agricultural land protection. The Job Creation Law facilitates land use conversion in a faster and more efficient manner but also poses serious risks to food security and the environment in Indonesia. This challenge requires serious attention from the government to ensure that development does not sacrifice natural resources and the welfare of the community (Luhukay & Dewi, 2020).

Faludi and Healey emphasize that spatial planning policies should balance the needs of economic development and environmental protection. In this framework, the Job Creation Law presents a challenge for local governments to manage areas vulnerable to land exploitation without strict oversight (Li & Liu, 2023). Deregulation policies that simplify land permitting, for example, can increase the risk of environmental degradation in areas with high biodiversity and vulnerable ecosystems. For example, coastal areas, wetlands, and tropical rainforests in Indonesia, which have long played a crucial role in ecological stability, are now facing increasing land conversion threats. Daly advocates the Sustainable Development Theory, which states that environmental capacity must limit economic growth (Thampapillai, 2012). The implementation of the Job Creation Law, which prioritizes investment, has the potential to overlook the limits of environmental carrying capacity, which in the long term can disrupt the balance of ecosystems.

At the implementation level, the Job Creation Law also poses challenges in terms of coordination among stakeholders at the national and regional levels. According to Friedmann, effective spatial planning policies require synergy between the central and regional governments to achieve sustainable goals (Knickel dkk., 2021). However, the Job Creation

Law creates ambiguity in the distribution of authority, especially when central regulations are less relevant to the specific needs and conditions in the regions. Differences in interpretation and implementation capacity between regions add to this complexity, potentially creating inconsistencies in spatial planning policy implementation. In some cases, local governments tend to face a dilemma between attracting investment for local economic improvement and protecting spaces that are essential for environmental sustainability.

Furthermore, the Job Creation Law has influenced the structure of spatial planning policies by reducing the role of the community in the licensing and supervision processes. Based on Arnstein's Theory of Public Participation in spatial planning, community involvement plays a crucial role in ensuring transparent and accountable spatial governance (Wahanisa & Niravita, 2021). The reduction of public consultation processes in the Job Creation Law can result in spatial policies that are less representative and do not take into account the needs of local communities. This risk triggering conflicts between the government, society, and the private sector, especially in areas where land and space hold high social, cultural, and economic value for the local population.

Effective spatial planning can take advantage of several opportunities:

1. Integrated Spatial Planning

The preparation of the Spatial Planning must involve active participation from the entire community, including local residents, business actors, and non-profit organizations. This will ensure that the plan aligns with the social, economic, and environmental needs of the village.

2. Zoning regulation

It is important to enforce zoning regulations transparently and consistently. Enforcing zoning regulations transparently and consistently will help prevent construction that does not comply with these regulations, thereby maintaining village order. Additionally, the implementation of digital technology such as Online Single Submission (OSS) can simplify the licensing and monitoring processes.

3. Optimized land use zones

Optimizing land use zones by prioritizing the allocation of zones for housing, agriculture, and green open spaces. This strategy will ensure the availability of sufficient land for various needs and prevent land use conflicts.

4. Environmentally friendly transportation through public transport promotion

By encouraging the use of public transport, bicycles, and walking. Expanding pedestrian and bicycle lanes, as well as optimizing public transport services to reduce greenhouse gas emissions and create a more comfortable environment.

5. Active community participation through education and media campaigns.

Educating residents about the importance of sustainable spatial planning through workshops, seminars, and media campaigns. This educational program can help build support and overcome opposition to spatial planning projects.

6. Competent human resources

Participants will receive training in preparing digital-based OSS Detailed Spatial Planning (RDTR), which will enable them to formulate RDTR concepts and zoning regulations accurately and correctly. The preparation of tens of thousands of RDTRs in Indonesia necessitates the expertise of competent spatial planners, which is why the Human Resources Training for Spatial Planners was established.

One significant impact on spatial planning policies and their implications is the enhancement of spatial planning through the simplification of the spatial planning process. Eliminating bureaucratic complexity and simplifying the licensing process achieves this. For example, spatial utilization permits are now used in the "spatial utilization activity conformity" mechanism, so individuals or entities wishing to undertake a business activity only need to obtain a business permit, which already includes the spatial utilization permit. To improve the effectiveness of spatial planning, inclusive, participatory, and digital-technology strategies need to be implemented. In this way, spatial planning can become more effective in addressing the social, economic, and environmental needs of the village, as well as avoiding land use conflicts and environmental pollution.

B. Policy Recommendations for Sustainable Spatial Planning

Based on the impact analysis of the Job Creation Law on spatial planning policies in Indonesia, several policy recommendations can be proposed to ensure that economic goals can be achieved without sacrificing environmental sustainability. In the context of sustainable spatial planning, this recommendation emphasizes adaptive strategies, strengthening implementation capacity at the regional level, and enhancing cross-government coordination. This approach aims to realize spatial governance that is not only responsive to development needs but also in line with the sustainability principles outlined in the Theory of Sustainable Development (Aganaba-Jeanty, 2016).

The first recommendation is the implementation of adaptive spatial planning policies, where the central and regional governments can dynamically adjust spatial planning policies to local needs without neglecting the national sustainability framework. Gunderson and Holling propose the Policy Adaptation Theory, which enables flexible responses to environmental changes and development pressures, ensuring optimal function of spatial planning policies even in the face of changing socio-ecological conditions in an area (Siddiki, 2022). With this approach, local governments can establish spatial zoning that is more sensitive to local ecosystems, for example, by maintaining conservation areas and reducing land conversion in areas vulnerable to environmental degradation.

To ensure consistent application of spatial planning policies, strengthening implementation capacity at the regional level is crucial, in addition to the adaptive approach. Sustainable spatial planning policies require sufficient resources, both in terms of finances and human resources, to ensure effective oversight. According to Healey, strong local governance capacity is an important element in the implementation of responsive and accountable policies (Wahyu Hartono, 2019). To achieve this, the central government needs to allocate larger funds and enhance training for local officials in environmentally-based spatial planning. Additionally, the government can introduce geospatial-based monitoring technology that can assist in real-time spatial planning supervision and enhance the accountability of local governments in maintaining environmental sustainability.

Improving coordination between the central and regional governments is also an essential recommendation. One of the main challenges in the implementation of the Job Creation Law is the overlapping authority that causes policy conflicts between levels of government. Based on Friedmann's Theory of Intergovernmental Coordination, the effectiveness of policies depends on strong synergy among actors at various levels (Koenig & Wood, 2012). In Indonesia, the central and regional governments require a more structured coordination mechanism, such as through spatial planning policy forums involving regional governments, relevant ministries, and the private sector. This forum serves as a platform to evaluate the implementation of spatial planning policies, align priorities between investment and environmental protection, and strengthen the joint commitment to sustainable development principles.

Furthermore, the policy recommendations also aim to increase public participation in the spatial planning process. According to Arnstein, community participation is a crucial pillar for creating inclusive and legitimate policies (Nuuyoma, 2022). In the implementation of the Job Creation Law, which tends to minimize the role of the community in licensing, adjustments need to be made to strengthen public consultation. Community participation can help identify potential environmental and social impacts of land use changes, making spatial planning policies more aligned with local needs and gaining community support. The government can introduce participatory mechanisms through digital platforms or face-to-face consultation forums, which will provide the community with the opportunity to engage in spatial planning processes and enhance policy transparency.

IV. CONCLUSION

The presence of the Job Creation Law has a complex impact on spatial planning policies in Indonesia, where deregulation and ease of access to land permits offer opportunities to accelerate investment and economic development. However, these changes also bring

significant challenges related to environmental protection and sustainable spatial governance. Research findings indicate that without strict oversight and coordination between the central and regional governments, this policy has the potential to create an imbalance between economic growth and ecosystem preservation. Additionally, regulatory flexibility that reduces community participation in spatial planning decision-making risks overlooking local perspectives and needs, which can trigger social conflicts and diminish spatial governance accountability. Thus, it is important for spatial planning policies to adapt to a development framework that is not only economically oriented but also considers environmental carrying capacity and community welfare. This is because spatial planning must serve as a guideline in development that not only focuses on economic aspects but also on environmental preservation and the social welfare of the community.

We recommend that the central government strengthen spatial planning policies through an adaptive approach and enhance implementation capacity at the regional level to create responsive and sustainable spatial governance, based on these findings. The government must introduce technology-based monitoring mechanisms, such as geospatial monitoring, to ensure compliance with sustainability principles at all levels of government. In addition, there is a need for regular coordination forums between the central government, local governments, and the community, which serve as a platform for policy evaluation and strengthening the joint commitment to sustainability goals. In order to encourage local involvement and enhance policy accountability, we must further strengthen community participation in the spatial planning process through inclusive and transparent public consultations. We expect these measures to not only support investment but also maintain environmental balance and long-term social resilience in spatial planning policies.

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