

Investment Promotion Planning: The Case Of Mandalika Resort, Lombok

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ABSTRACT

This research aimed to provide a best practice, generalizable model, of investment promotion planning for use by tourism IPA in Mandalika Resort, which is needs a huge amount of investments for its development. In the research methodology chapter, this research employed subjectivist with inductive approach, along with case study strategy. Data were collected by utilizing a semi-structured interview. The data collected were analyzed by using a triangulation, thus this research was adopted the qualitative method. The data collected was analysed, and the findings shows that there are a lot of spot for improvement in all the area of investment promotion that been manage by BKPM. The current practice by BKPM as the national IPA is not enough to obtain all the investment needs of Mandalika Project. As the recommendation, this research proposes to create a new form of IPA, that manage specifically the tourism sector in Indonesia.

Keywords: investment promotion, IPA, investment generation, investment service, policy advocacy.

INTRODUCTION

Tourism is one of industry in Indonesia that are being intensively to develop. During its development, the tourism industry in Indonesia requires a lot of investment. Department of Investment Coordination (DIC) expressed the interest rate in investing in the tourism sector and destinations in Indonesia increased by 102.89 percent, during the period October 2014-June 2015, investment interest through the issuance of a license for the principles of the tourism sector and the destinations of Rp 168.9 trillion, or an increase of 102.89 percent over the same period in the previous year of Rp 83.24 trillion (Antara cited in Republika, 2015). Director of DIC said "We are putting the development of the tourism sector along with industrial zones and special economic zones as one of the priorities of marketing investment,". According to Franky (the

Director of DIC), the development of industrial zones and special economic zones will be able to encourage the development of the tourism sector because of the support infrastructure. DIC investment marketing team also noted that there are 12 investors expressed interest in investing in the tourism sector and the industrial area. Of these, he said, seven of which have expressed the value of an investment plan amounting to 12.87 billion US dollars (Antara cited in Republika, 2015). Based on the informations above, clearly heavy investment in tourism sector is on the political agenda of Indonesian government. In addition, Wang and Xu (2011) explain that investment is a dominant factor in the development of an industry and recognize that in the tourism industry, incentives for investment such as financial policies (eg. Reducing tax rates) or favourable land are common as an

effort to attract investors (Wanhill, 1986; Jenkins, 1982 cited in Wang and Xu, 2011).

One sector that gets a lot of attention from investors in Indonesia is the sector of resort. Some resorts in Indonesia, which already well known are Nusa Dua Resort managed by ITDC (Indonesia Tourism Development Corporation) and the Bintan Resort, managed by BRC (Bintan Resort Cakrawala). The two resort developments have attracted the interest of investors to invest in the tourism sector of the resort. For example, Tanjung Lesung Resort is located in the westernmost part of Java island. Tanjung Lesung Resort managed by Banten West Java Tourism Development (BWJ) has attracted a lot of investment and is currently in the developmental stage (Kontan, 2015). This is consistent with the design of the Indonesian government which has included Tanjung Lesung Resort since 2012 as one of the special economic zone (SEZ) with a typology of Tourism (Dewan KEK, nd).

Among some resorts that are developing in Indonesia, Mandalika Resort is one that has a distinct advantage. The development of Mandalika Resort as one of the special economic zone by the government of Indonesia will provide a lot of convenience for the investors to invest. Firstly, ease of permitting with one-stop service facilities as well as development of adequate infrastructure (Dewan KEK, nd). In addition, Mandalika has the potential and advantages in geo-economic and geo-strategic. Geo-economic advantages of Mandalika resort is to have a maritime tourist attraction which is the white sandy beach with a panoramic view of exotic and adjacent to the island of Bali. Geo-strategic advantages of Mandalika resort is to have a concept of environmental friendly tourism development with the development of solar power plants located near Lombok International Airport. Mandalika Resort management is

conducted by ITDC since 2010 and in its development Mandalika Resort development encountered some obstacles, such as infrastructure problems and land conflicts with local communities, so that Mandalika Resort area development project had ceased between 1995 to 2005 (Indoplaces.com, 2015). Along with the transition of government in Indonesia, development projects of Mandalika Resort resumed, existing barriers and obstacles resolved. For example, the government has provided an investment of Rp 250 billion for infrastructure development and plans to add Rp 1.8 trillion in 2016 (Indoplaces.com, 2015). Similarly, the land conflict settlement process is being handled directly by the local government together with the Ministry of Agrarian.

Mandalika Resort development project requires a total investment of Rp 36 trillion (Indoplaces.com, 2015) and for now, Mandalika Resort is only have 1 hotel in the area, namely Novotel Lombok. Meanwhile for the investments, ITDC are only commit MOU with 7 investors, including with PT. MNC Land and PT. Gobel International, which plans to build Club Med hotels with a total investment of Rp 600 billion (Lombok Island July, 2013). Apart from that, there are also PT. Canvas Development, PT. Aquo Energy, and four other investors in the field of education (Antaranews.com, 2011). With such conditions, it can be concluded that Mandalika Resort still needs a lot of investors in its development. In this regard, ITDC, Department of Tourism in Lombok District, SEZ (Special Economic Zone) Board member, the Ministry of Agrarian initiated to create an investment promotion plan for Mandalika Resort. Wells & Wint (2000) define investment promotion as "activities that disseminate information about, or attempt to create an image of the investment site and provide investment services for the prospective investors."

Based on the description above, this research chose a topic "*Investment*

Promotion Planning: The Case of Madalika Resort, Indonesia.

Research Aim and Objectives

This research aimed to provide a best practice, generalizable model, of investment promotion planning for use by tourism IPA in Mandalika Resort, Indonesia.

In this context, there are four objectives:

- To critically analyze the reason of investment promotion planning to be implement in Mandalika Resort
- To critically analyze the literatures regarding the investment promotion
- To critically review the research philosophical stances, with specific emphasis on subjectivism, and critically review the research methodology, with particular emphasis on qualitative research methods
- To create the planning model of investment promotion for tourism IPA

Tourism Investment

Tourism is an important aspect for the economic development of many countries. Brida, Risso and Bonapace (2009 cited in Das and Ghosh, 2014) state that tourism considered as one of the world's largest industry and is an important source of economic growth, revenue generation, empowerment of local people, employment and overall development of the country. Some nations like Hong Kong, Singapore, Dubai, Indonesia, and Malaysia are based on tourism. The tourism-led economic growth hypothesis (TLGH) works on the premise that tourism expansion leads to economic growth. It is based on the concept of the export-led growth hypothesis (ELGH) that explain the economic growth of countries can be generated not only by increasing the amount of labour and capital within the economy, but also expanding exports (Brida, Risso and Bonapace, 2009 cited in Das and Ghosh, 2014). To develop or

expanding tourism, tourism needs financing like other industries and tourism projects demand high initial investment (Das and Ghosh, 2014).

IPA (Investment Promotion Agency)

Wells & Wint (1990) as the pioneer of investment promotion researchers define investment promotion agencies (IPAs) as “the institutional entities that were established to handle investment promotion functions, with the principal task of ‘marketing the country’ as an attractive investment site”. However, In an updated version of their work, Wells & Wint (2000) define IPAs rather broadly, as the institution that execute the activities that disseminate information about, or attempt to create an image of the investment site and provide investment services for the prospective investors. Another similar definition of IPAs come from Morriset, 2003 cited in Wilson, Baack and Baack (2014) that define IPAs as an government organisation that establish to obtain foreign investors through marketing activities. In short, IPAs are the ‘institutionalization’ of a country’s commitment and resolve at the highest level, to attract FDI into the country to obtain the national objectives including economic growth and job creation. Furthermore, IPAs role is the real form of the government’s arm which is to translate the national developmental strategy goals and objectives into effective results: deliverables and outcomes (WBG, 2009, p. 12 cited in Bseiso, 2013).

Investment promotion activities can be grouped into four areas: image building, investment generation, investor servicing, and policy advocacy (Wells & Wint, 2000; Harding & Javorcik, 2011; Anderson & Sutherland, 2015). Harding & Javorcik (2011) define image building in the area of investment promotion as a set of activities that aim to build a perception of the country or a site as an attractive location for foreign direct investment. Moreover, Lim (2008) state that these image building

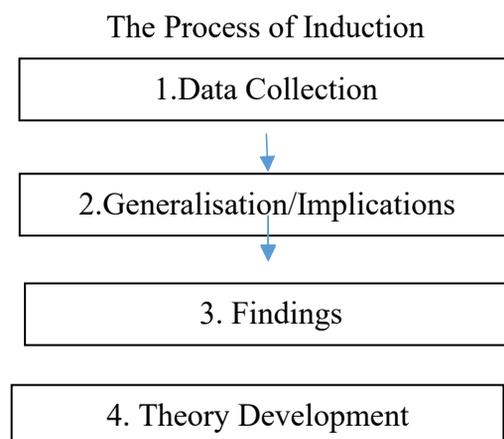
can be achieved through branding at a national or sub-national level. According to Wells & Wint (2000), the next area after the image building is investment generation. Harding & Javorcik,(2011) define investment generation as the activities that involves identifying the potential investors that interested to invest in the presence country, then developing a strategy to contact the potential investor and starting to approach in order to having them commit in an investment project. Similarly, Wells & Wint (2000) stated that the investment generation techniques can be seen as a vehicle through which the potential investors, could be identified, contacted, then encouraged to invest in the host country.

The next area of investment promotion after the investment generation is investment servicing. Harding & Javorcik (2011) recognised investor servicing as a set of activities that involves assisting committed investors in analysing business opportunities, establishing a business or project and maintaining it. In the same way, Morisset (2003 cited in Anderson & Sutherland, 2015) define investor facilitation or investor services as the range of services provided by a host country that can assist the committed investor in analysing investment decisions, establishing a business or project, and maintaining it in good way. The last area

of investment promotion is policy advocacy. According to Harding & Javorcik (2011) policy advocacy can be seen as the initiatives that aiming to improve the quality of the investment climate in a host country and identifying the views of private sector in this area. Furthermore, Anderson & Sutherland (2015) explain that IPAs also provide highly specific services to help navigate complex rules for the investors, especially foreign investors.

RESEARCH METHODOLOGY

In the subjectivism philosophy, this research adopted inductive approach through the process. Saunders et al. (2009) states the purpose of inductive approach is to get a picture regarding what was going on, in order to get a better understanding about the nature of the problem. The result of inductive approach would be the formulation of a theory or the development of a theory (Saunders et al. 2009). Long (2007) agreed that the process of inductive approach start from the data collection then analysed by reasoning a set of data in order to create an explanation as an effort to develop or formulate a set of theory that can be applied in more general ways. Finally, the theory may be modified or developed based on the findings. In brief, Long (2007) shows the process of induction in the following figure.



Source: Long (2007, p.192)

In deductive approach, it has tendency to construct a rigid design of methodology and does not allow alternative explanations of the existing phenomena to be revealed, thus there is a tight limit regarding the choice of definition and theory and the creation of hypotheses (Saunders et al., 2009). However, by utilise inductive approach with less structured design of methodology, the researchers are able to reveal the alternative explanations. Therefore, This research project adopted inductive approach in regards to open all the possibilities of the explanation of investment promotion planning in Mandalika Resort. However, according to Duneier (1999, cited in Neuman, 2006) the role of theory in inductive approach is limited and the researchers develops the theoretical understanding after the data collected. On the other side, Long (2007) argued that even in inductive approach the development of theory come in last, the researchers still need the theoretical underpinning in order to decide what should be record, and then understand and interpret the data. In conclusion, this research project utilised subjectivism as research philosophy, combined with inductive approach in order to get as much as explanations regarding investment promotion planning. This research project also maximize the role of the existing theory in the chapter of literature review as a basic of theoretical underpinning to support the data analysis.

In an effort to achieve the research objectives, this research project employed case study strategy as the research strategy to collect data from sample as it is commonly dealt with either the deductive or inductive approach (Saunders et al., 2009). Baxter and Jack (2008) explain that case study research strategy provides valuable tools for researchers to answer the complex phenomena's question within their contexts. Likewise, Tetnowski (2015) state that case study strategy can be a useful tool to study the complex

phenomena and real-world questions. Furthermore, if the question is about "why" or "how" a situation or phenomena occurs or is experienced, then it would be well suited to employ case study for the investigation. Therefore, case study strategy is suitable for this research project, given that the intentions to get a better understanding of investment promotion planning phenomena in Mandalika Resort through the informants stories.

In this research, semi-structured interview were used as the only data collection method to investigate the investment promotion planning in Mandalika Resort, hence this research employs mono method and cross-sectional time horizon. Given to its characteristics of being flexible, intensive researcher involvement, semi-structured interview are considered the most effective instrument in qualitative methods (Creswell, 2002). For that reason, researcher employs a semi-structured interview as part of a case study strategy. Using the explanatory case study, data and information was summarized, grouped, and ordered using narrative from semi-structured interview. The semi-structured interview was carefully constructed based on the investment promotion theory and factors that influence the investment decision in tourism sector in the previous chapter. It consists of 11 questions, 2 questions regarding investment promotion in general, 3 regarding factors that influence the investment decision, and 6 related to the technical investment promotion practice.

Sampling, Data Collection, and Data Analysis

This research project employs critical case sampling as part of purposive with non-probability sampling method and the respondents of this study are the management of Mandalika Resort and BKPM as an Indonesian IPA. The non-probability sampling techniques adopted are the combination of purposive sampling

with critical case sampling. The selection of purposive sampling techniques offers the researchers judgement to choose the respondents and also this form of technique is commonly used in very small size samples, like case study research (Saunders et al., 2009). Furthermore, the critical case sampling employed on the basis that the respondents will be able to create a certain point dramatically, considering that the respondents have important roles regarding the case of investment promotion in Mandalika Resort, and also critical case sampling selected in order to understand what is happening in this special case through the data collection (Saunders et al., 2009). There is one organisation selected as a source of the respondents in this research project. BKPM as a national IPA that responsible of the investment promotion activities in Indonesia with general target of investment. The criteria for selecting the respondents is related with the role of the respondents in each divisions, especially regarding investment and promotion.

After completing the data collection process, semi-structured interview data are analyzed by utilised the pattern matching technique. The pattern matching technique was introduced by Yin (2003), the pattern matching technique used in order to find the pattern from the data and compare it with the existing underpinning theory (Yin, 2003 cited in Eriksson & Kovalainen, 2011). The collected data are first grouped by coding, then the grouped data are analyse to find the pattern, and after the pattern formed, the data are compared with the existing theories, finally the data are presented based on the pattern.

FINDINGS AND ANALYSIS

The Understanding of Investment Promotion Concept

The first question of the interview was ‘what is your understanding regarding the concept of investment promotion?’ this question asked in order to synchronize the

perception regarding the definition of investment promotion. From total 8 respondents, mostly agree with the definition of investment promotion as the activities to spread the information about the investment site and also providing some service for the potential investor (Wells & Wint, 2000). For example, Respondent-4 explain that “investment promotion is an activities about promotion, but the product is an investment. So the activities are like advertisement, facilitation, etc”. The question regarding the benefits of investment promotion is ‘what is your opinion regarding the benefits of implementing investment promotion?’. This question was asked in order to know the purpose for implement investment promotion from the respondents perspective. According to UNCTAD (1998), investment promotion activities employs in order to shorten the delayed reaction of potential investors to discover new investment opportunities. However the respondents response in different direction, almost all the respondents answer the question with benefits of investment, especially foreign direct investment for the investment site.

The Readiness to Implement Investment Promotion

There are three questions that was asked regarding the readiness to implement investment promotion in Mandalika Resort. The first question is ‘could you please describe regarding the tourism regulatory framework in Indonesia (general) and specially in Mandalika Resort?’. From the question regarding the regulatory framework in Mandalika Resort, the respondents answered mainly focused on policy rules and regulations. For instance, Respondent-1 as the head of SEZ sub-division in investment planning said that “Mandalika Resort as one of the SEZ have a lot of advantages regarding the policy rules and regulations. The first advantage is related with the permit to

invest, the investors just needs to come to one place (One-Door Service) in order to manage all the permits". Furthermore, Respondent-1 continue that "if the value of investment is more than one billion rupiah or employs more than a thousand worker then it only needs 3 hours to manage all the permits". The other advantage is that currently all the SEZ areas are the main priority for the national development and it is handled by nine ministry. Therefore, all the policy rules are in favour for the development of Mandalika Resort's project.

Mandalika Resort as one of the SEZ is not only gain advantages from the side of regulatory, but also from business environment. The question asked is 'could you please explain about the condition of tourism business environment and infrastructure in Mandalika Resort?'. According to Respondent-2 as the head of tourism sector sub-division in Investment planning, "Mandalika Resort will obtain 1.8 billion Rupiah from government in order to improve the ground transport, tourism, and ICT infrastructures, also to complete the airport infrastructure that already established". Furthermore, World Economic Forum with the Travel & Tourism Competitiveness Index (2013) include the price competitiveness in the travel and tourism industry as one of the aspect in business environment, regarding this matter, Mandalika Resort is also have the advantage. For instance Novotel hotel in Mandalika Resort is set the rate around 1.2 million Rupiah per night, which is quite cheap for a four star hotel in luxurious resort compare to the other hotels in other similar resorts.

The available resources is the last aspect in order to measure the readiness of Mandalika Resort to implement investment promotion. 'could you please describe regarding the existance of human, natural, cultural resources in Mandalika Resort?' was the question asked regarding the existance of the available resources.

According to Blanke and Ciesha (2013), Human, natural and cultural resources category consist of human resources, affinity for travel & tourism, natural resources, cultural resources. Unfortunately there is not much response to obtain from the respondents. The document of Mandalika Resort's profile shows that the human resources for the management of Mandalika Resort's project is completely handled by ITDC and for the natural resources, the beautiful beach is surrounding almost the entire area of Mandalika Resort and projected as one of the attraction from Mandalika Resort (BKPM database, 2010). Finally, from the three aspect to measure the readiness to implement investment promotion, it can be concluded that investment in Mandalika Resort is strongly feasible to be promoted and the remained discussion regarding the area of investment promotion in Mandalika Resort will be at the next part of this chapter.

The Area of Investment Promotion

The main part of this research is investment promotion, therefore there are 8 questions from total 11 questions in the interview guide that related directly with investment promotion and 6 of them was about the technical practice of investment promotion. The six questions regarding the practice of investment promotion was asked in order to obtain not only the surface area of investment promotion in Indonesia, but also deep enough to understand what happened, why it happened and how to improve it. The six questions contains four questions regarding the core area of investment promotion, such as image building, investment generation, investment service, and policy advocacy, the other two was asked about difficulties and the existance of the strategies. Furthermore, the six questions are mostly discussed by the respondents from investment promotion division in BKPM.

The first question asked is ‘what kind of image that you think suitable for Mandalika Resort?’, this question is about image building area. According to Harding & Jarvocik (2011), image building is a set of activities that aim to build a perception of the country or a site as an attractive location for foreign direct investment, and can be achieved through branding at a national or sub-national level. As explained in early part of this chapter, the area of image building is hardly recognize by the respondents as part of the investment promotion’s function. According to Respondent-3, “the effort to create an image is only happen in national level and not for every investment site or even the targeted sector”. Moreover, every investment site that being promoted are treated equally without even “chef’s recommendation” or “best-selling” like in the menu of a restaurant. Therefore the label of SEZ that attached to Mandalika Resort is not contribute to create an “easy-good opportunity-luxurious resort” investment site’s image. In addition, one of the purpose of image building is to support selecting the target of investor in investment generation’s area.

The next area of investment promotion is investment generation. The question asked is ‘could you please explain regarding the process of targeting the companies/corporates that you expect to invest in Mandalika Resort?’, this question was asked in order to gain the data regarding the process of targeting and selecting the potential investors to invest in Mandalika Resort. Wells & Wint (2000) explain that investment generation is a set of activities that involves identifying the potential investors that interested to invest in the presence country, then developing a strategy to contact the potential investor and starting to approach in order to having them commit in an investment project. Moreover, Respondent-5 answered that “there is no specific process of targeting and selecting investors”, moreover the

respondent continue that “the process to attract potential investors is more in the natural flow of manner”. Therefore, in the simple logic of explanation, BKPM is tend to obtain the investment as much as they able to get, and perhaps assuming the process of targeting the spesific investors as a limitation. However, the effectiveness of this kind of strategy needs further investigation, consider the lack of investment that has been obtained for Mandalika Resort’s project.

One of the most important area in investment promotion is investment service, in which the IPA provide some services for the investors, including assisting an investor to analyse investment opportunities, establishing a business, and maintaining it (Morriset, 2003). Regarding this matter, ‘what kind of service that you can provide for the prospective investors?’ was asked. The Respondent-5 explains that, “one of the main function of BKPM is to provide facilitation for the investors to establish a business and also maintaining it. For instance, follow-up the investment deal status, arranging the schedule for site visit, etc”. However, the respondent did not include analyzing investment opportunities as one of services that provided by BKPM. On the other hand, the respondent continue that policy advocacy is one of the services that provided.

The last area of investment promotion is policy advocacy. According to Anderson & Sutherland (2015), IPAs also provide highly specific services to help navigate complex rules for the investors, especially foreign investors. Regarding this matter, the question asked was ‘what kind of policy and advocacy services that the IPA should provide for the investors?’, it could be the strong point for BKPM, because all the arrangement that related with investment permits is handled in one place. For instance, Respondent-5 explains that “the investment site with the label of SEZ like Mandalika Resort only needs 3

hours in order to manage all the investment permits". Therefore, policy advocacy is the most advance area of investment promotion that been successfully manage by BKPM.

Investment Promotion Planning

To Create a new investment promotion planning for Mandalika Resort, the findings above indicate the importance to create an IPA that focus only in tourism sector. The differences between the new IPA with the BKPM is not only limited by its focus, but also in the form of the organisation. From the findings above, it can be seen that the form of BKPM as a full-government organisation is not really well-matched to manage the priority project that needs the acceleration in its development, like Mandalika Resort's project. The form of quasi-government proposed for the new tourism IPA, due to the function of investment promotion mainly rely on marketing skills, which is commonly conducted by the form of private sectors organisation. Moreover, the tourism IPA will be consist of some board of directors from the experts of marketing, business, investment, peoples from BKPM and Tourism Ministry with balanced composition between peoples from private organisations and government officers. The board of directors will be given the independency to select their own team and also manage the standard of salaries. However, the tourism IPA will be report and responsible to the tourism minister, therefore the tourism IPA will be funded by tourism ministry and the local governments, that wish to promote the investment sites within their territory.

After the tourism IPA formed, the next step is to construct the four areas of investment promotion, and building an image would be the first one to execute. According to Harding & Javorcik (2011), image building in the area of investment promotion as a set of activities that aim to build a perception of the investor

regarding an investment site as an attractive location for an investment. Furthermore, Lim (2008) state that the image building can be created through branding an investment site. Therefore the tourism IPA should determine the best suited brand for investment in Mandalika Resort. The unique selling point of Mandalika Resort as an investment product such as ease to manage the permits, good incentive, and also condusiveness of business environment should be utilize to support the brand of Mandalika Resort as a luxurious resort. The real example for the investment branding activities would be consistent with the brand itself, for instance the tourism IPA should bring up the three unique selling points in every promotion tools.

After the determine the suitable positioning, image and brand for Mandalika Resort as an investment site, then the next area that needs to construct is investment generation. Wells & Wint (2000) stated that the investment generation techniques is a vehicle to identify, contact, then encourage the potential investor to invest. Similarly, Harding & Javorcik (2011) describe investment generation as set of activities that includes identifying the prospective investors to invest in the investment site, then developing a way to contact the investor and starting to approach in order to commit them in an investment project. The word 'identify' in both of definitions can be interpret as the process of targeting the potential investor. Regarding the process of targeting the potential investor for Mandalika Resort, it would be the best if the tourism IPA selecting the target of investor that suit the brand, as a luxurious resort. For example, the tourism IPA should consider to targeting only the four and five star hotels or perhaps a well-known theme park, like Disneyland or Universal Studio. After selecting the target of potential investors, the next step is

collecting database that contains the contact and information of the target investors. The last part of investment generation is the methods to approach the potential investors. The approachment methods could be through direct mail, telemarketing, seminars, exhibition, business forum, and also one-on-one meeting. However, one of the most important aspect to encourage the potential investor is the presentation, the presentation should contain all the information that the investors need, such as land status, infrastructure, project's masterplan, financial plan, etc.

The next area after investment generation is investment service. investor services define as the various of services provided by the IPA in order to assist the targeted investor in analysing investment opportunities, establishing a project, and maintaining it in good way (Morisset, 2003 cited in Anderson & Sutherland, 2015). In the case of Mandalika Resort project, with the new form of tourism IPA, there are a lot of service that possible to provide. The tourism IPA can be duplicate some services that BKPM already provided, such as managing site visit and investment counseling for the potential investors. Moreover, the tourism IPA could also extend the services that directly related with the business aspect. For example matching the potential investors with the local partners, creating project proposals, and most importantly conducting feasibility study for every priority project, like Mandalika Resort. This is important that the tourism IPA should provide the feasibility study,

because one of the most difficulties that faced by BKPM is the availability of the promotion tools. The best scheme regarding this matter is the tourism IPA employs experts that experienced conducting feasibility study and handle all the feasibility study of the investment sites that being promoted. Therefore it will be more cost-efficient, consider the local governments also pay some cost to the tourism IPA in order to promote the investment site within their area.

The other important service is providing post-investment services. This type of service is important in order to keep the committed investors that have already established a project, and also to induce the investors to reinvest rather than looking for the new potential investors or creating a new investment project. At last, there are also some services that related with the policy rules and regulation and will be discuss in the area of policy advocacy.

The area of policy advocacy is actually can be called as part of the investment service. However, this area is specifically dealt with services that directly related with policy and regulation, such as expediting the processing of investment applications and approvals, help the investors obtaining investment permits and licenses. In the case of Mandalika Resort, the policy advocacy can be called as the least area that needs an improvement, because the BKPM is already create a good scheme of work, especially with the "3 hours for all the permits" programs.

The Webpage regarding '3 Hours Service'

The screenshot shows the BKPM website interface. At the top, there is a navigation menu with links for Home, Invest in Indonesia, Investment Procedures, Investment Opportunities, Publication, and Contact Us. A search bar is located on the right. The main header includes the BKPM logo and the text 'Invest In Indonesia'. Below the header, there is a sidebar with a list of services: Setting Up Your Company, Investment Step by Step (with sub-items like 3 Hours Investment License, Principle License, Business License, KPPA & SIUP3A, Fiscal Facilities, and Non Fiscal Facilities), Applicable Laws & Regulations, SOP of Ministry, Taxation, and Application Form & Checklist. The main content area is titled '3 Hours Investment License' and features a large graphic with the heading '5 STEPS FOR 3 HOURS INVESTMENT LICENSING SERVICE & DIRECT CONSTRUCTION PERMIT'. The first step, 'STEP 01', is highlighted and contains the text 'FULLFILL 3 CRITERIAS FOR INVESTING IN INDONESIA'. Below this, three numbered criteria are listed: 01. Investment Plan Minimal IDR 100 Billion and/or, 02. Investment Plan Minimal absorbing 1.000 Local Workers, and 03. Submitted directly to Central PTSP at BKPM by Investor.

Source: <http://www.bkpm.go.id/en/investment-step-by-step/3-hours-investment-license#>

Therefore, regarding the area of policy advocacy, the tourism IPA only need to adjust with scheme that provided by BKPM.

CONCLUSION

In conclusion, the findings shows that the regulatory framework in Mandalika Resort is supporting completely for investment promotion practice. Similarly, the business environment aspect in Mandalika Resort is in the progress of improvement, it can be seen from the data regarding the infrastructure. The human, natural, and cultural resources also supporting the development of Mandalika Resort's project, although there are not many data discussed regarding this matter. The next part of discussion directed to the current practice of investment promotion by BKPM as a national-level of IPA. It can be concluded that image building for Mandalika Resort as an investment site is the least area of investment promotion concerned by BKPM. However it is hard

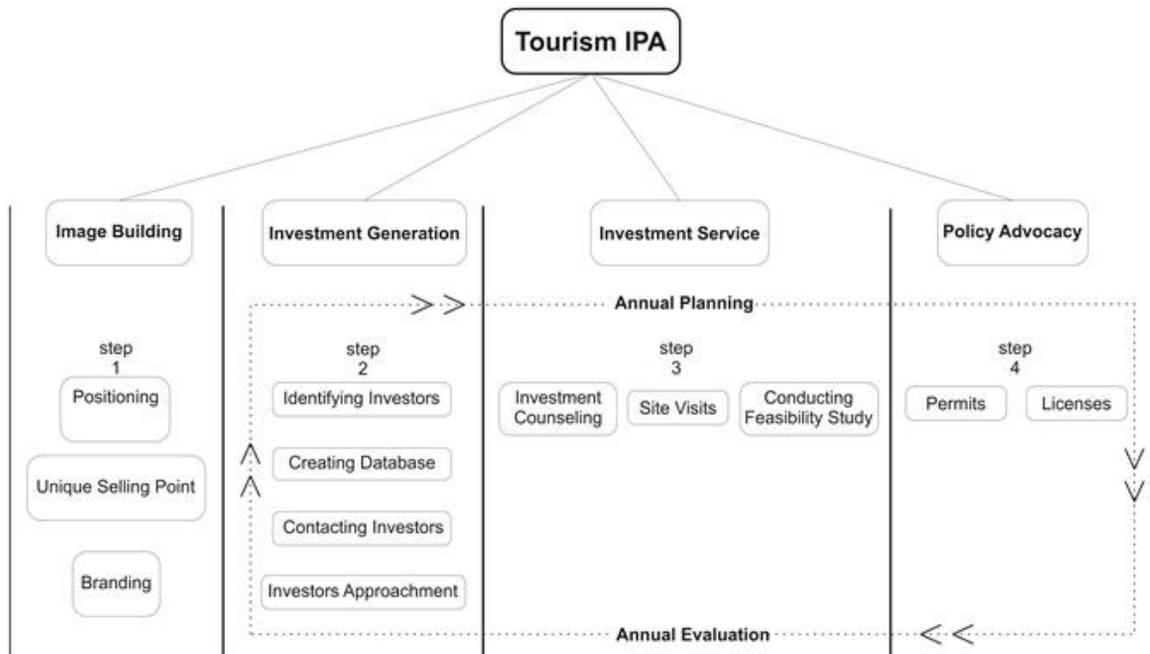
for BKPM to create an image for every investment site that being promoted, consider the main focus of BKPM is in the national-level. Regarding the area of investment generation, BKPM already performed some function, such as create database for the potential investors, participate in business forum, exhibition, seminar, etc. Unfortunately, it appears that there is no process of targeting the potential investors for Mandalika Resort's project. Investment service and policy advocacy can be called as an area of expertise for BKPM, consider the effectiveness of some programs, especially related the permits and licenses. However the service regarding business process like feasibility study is still need an improvement.

The other part of this chapter contains the output regarding the planning of investment promotion in Mandalika Resort. The discussion was based on the four area of investment promotion, and generate the idea to create a new form of IPA. The new

form of IPA that proposed, basically is a sub-national IPA that focus only in tourism sector. The role of the tourism IPA was discussed, starting from image building area, investment generation,

investment service, then lastly policy advocacy. In addition, the simple explanation regarding the role and programs can be seen from the figure below.

The Model of Investment Promotion Planning



The first step of the plan is in the area of image building. Positioning technique utilised as a start, then move to the process of determine the unique selling point, and lastly branding techniques are used in order to create an appropriate image for the investment site. The next step is about investment generation. Start from identifying investors, the process continue to creating database of potential investors, contacting the investors, and approach them with the purpose of encourage the investors to commit into the investment project. The plan continue to the third step, investment service. Unlike the first and second step, investment counseling, site visits, and conducting feasibility study programs are conducted at the same time and treated rather as programs for committed investors, not as a process in the area. The fourth step of the plan is regarding the area of policy advocacy. The last step containing the service to obtain

the permits and licenses for investing in a project, in Mandalika Resort project, this particular area are already well-managed by BKPM as the nation IPA. In addition, the annual planning and evaluation of the process and programs are only for the area of investment generation, investment service and policy advocacy.

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