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Optimization of the Regulatory Framework to Attract Tertiary Sector Investment: A Policy Analysis in Garut Regency

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ABSTRACT

The increase in investment in the tertiary sector, such as tourism, trade, and services, has become one of the strategic priorities of Garut Regency in driving regional economic growth. However, regulatory barriers, lack of legal certainty, and infrastructure challenges often pose major obstacles for investors. This study aims to analyze the existing regulatory framework, identify challenges in policy implementation, and offer recommendations for optimizing policies to attract more investment in the tertiary sector. This research employs a qualitative approach using a case study method. Data were collected through in-depth interviews with 15 informants, including officials from the Investment and Integrated Licensing Service Office (DPMPT), local business actors, prospective investors, and academics. Data analysis was conducted using triangulation methods, which included policy document analysis, investment statistics, and insights from interviews. The results of the study show that despite Garut Regency's great potential in the tertiary sector, such as natural tourism and trade, investment policy implementation is still suboptimal. Major inhibiting factors include the complexity of licensing procedures, lack of synchronization between regional and national policies, and insufficient structured investment promotion. The study recommends streamlining regulations, digitalizing the licensing system, and strengthening coordination between local governments and stakeholders. The conclusion of this study emphasizes the importance of optimizing an adaptive regulatory framework that aligns with investor needs. With more flexible and conducive policies, Garut Regency has the potential to become a leading destination for tertiary sector investment in Indonesia.

INTRODUCTION

This research discusses the importance of the role of investors in the tertiary sector as the main driver in fostering regional economic growth. This sector includes tourism, trade, services, and supporting infrastructure, which significantly contribute to increasing regional competitiveness, creating jobs, and boosting Gross Regional Domestic Product (GRDP) (Bianconi & Tan, 2010).

Investment is a key element in accelerating regional economic growth, particularly in the tertiary sector, which encompasses tourism, trade, services, and supporting infrastructure (Acemoğlu & Robinson, 2016). This sector plays a strategic role in job creation, boosting GRDP, and driving cross-sectoral innovation. Specifically, investments in the tertiary sector can strengthen local economies by enhancing market connectivity, empowering SMEs, and promoting flagship destinations, as highlighted by UNCTAD (2015) (Green & Newbery, 1992; Kaplow & Shavell, 2001).

Garut Regency has significant potential in the tertiary sector. In 2023, the realization of investments in Garut reached IDR 1.35 trillion, surpassing the target of IDR 1.2 trillion. Most of this investment came from the housing, industrial estate, and office sectors, valued at IDR 224.33 billion, followed by trade and repair services at IDR 16.39 billion, and transportation, warehousing, and telecommunications at IDR 850 million. The hotel and restaurant sub-sector also recorded investment realizations of IDR 340.7 million. The largest contribution came from domestic investment (PMDN), while foreign investments from 12 countries, including Singapore and Japan, further boosted the dynamics of the tertiary sector (Bird & Fafchamps, 2004; Easterly & Levine, 2003; Sidanius et al., 1997).

Despite these promising achievements, Garut Regency still faces various challenges in attracting new investments. Major obstacles include regulatory inconsistencies between central and regional governments, complex licensing procedures, and infrastructure limitations such as road access and digital connectivity. Additionally, unstructured investment promotion and a lack of incentives for investors hinder the region from maximizing its potential (Helmke & Levitsky, 2004; Jones, 2016).

Based on Law No. 25 of 2007 on Investment and Government Regulation No. 24 of 2018 on integrated licensing services (OSS), the government should be able to create a conducive investment climate. However, the implementation of these policies at the regional level still faces technical challenges, such as limited human resource capacity and suboptimal digitalization of investment services (Kaufmann et al., 2008).

This book *Public Policy Analysis* outlines five key criteria for evaluating policies, which are highly relevant for assessing investment policy effectiveness. The first criterion is effectiveness, which examines the extent to which policies achieve their set goals. In the investment context, this can be measured by comparing realized investments to predefined targets. Next, efficiency refers to the ratio between achieved outcomes and resources used, such as administrative costs and time required for licensing processes. Responsiveness evaluates how well policies meet investors' needs, such as ease of obtaining permits or available incentives. Equity assesses whether the benefits of these policies are distributed fairly among different groups, including both large and small

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investors. Lastly, sustainability examines the long-term impact of policies on the environment and society (Dunn, 2003). The institutional theory developed by Scott (1995), offers an important perspective in evaluating investment policy effectiveness. According to Scott, investment policies are influenced not only by government or private sector decisions but also by existing societal structures and institutional norms.

According to this theory, investment policies heavily rely on three interrelated main pillars: the regulatory pillar, the normative pillar, and the cultural-cognitive pillar. The regulatory pillar includes formal rules such as laws and policies implemented by the government, which provide the legal framework for the execution of investment policies. These rules establish a clear legal basis that not only protects investors' rights but also ensures that investment policies are implemented in accordance with prevailing legal norms. Without a strong regulatory pillar, investment policies may lose direction or even be misused, which in turn can diminish investment appeal. Next, the normative pillar refers to societal expectations of investment policies (Lima & Meirelles, 2007). Society generally expects investments to not only deliver economic benefits but also consider their impact on social welfare. This includes corporate social responsibility (CSR) and how investments contribute to social development, poverty reduction, and environmental protection. This pillar emphasizes the importance of balancing financial gains with broader social impacts (La Porta et al., 1999; Mauro, 1995).

The cultural-cognitive pillar focuses on the collective understanding of society and market actors regarding the implemented investment policies. This encompasses shared perceptions, attitudes, and understandings about investments and existing policies, as well as how these factors influence investment decisions. For instance, local culture or social norms may impact market actors' responses to investment policies, or the degree of confidence society and market players have in the stability and reliability of implemented policies. This pillar is crucial in creating a conducive investment climate, as without social support and a deep understanding from the public, investment policies may not be effective even if well-regulated by legislation (Lécaillon et al., 1971). Thus, institutional theory highlights that investment policies are not only influenced by formal regulations but also by existing social and cultural norms within society. The success of investment policies significantly depends on the interaction among these three pillars, which collectively shape an environment conducive to sustainable and inclusive investments (Scott, 1995).

Research on investment policies has progressed significantly in recent years, driven by the growing importance of attracting investments to support regional economic growth. Several relevant studies focusing on investment policies, particularly in regions facing economic challenges and specific sectors, have provided significant insights (Rajan & Zingales, 2003; Rodrik, 2018; Turner, 1991).

Earlier research on investment policies Parilla & Muro 2024), identified that economically struggling regions in the United States benefited significantly from investments in strategic sectors such as clean technology and manufacturing. They found that supportive policies for these sectors could help previously neglected areas become more competitive in attracting investment. Similarly, Parilla, Takeuchi, & Haskins (2024), emphasized the importance of location-based approaches to attracting investments in regions in need. According to them, while certain sectors (such as energy and biotechnology) are often the main focus, the challenge for local governments lies in leveraging regional potential to attract investment in service and trade sectors relevant to local economic needs.

Additionally, research conducted by highlights the importance of place-based financing management to support the development of long-term investments. They revealed that regions not solely reliant on natural resources or the manufacturing sector, but also on the tertiary sector (such as services and trade), can create new investment opportunities through policies that are responsive to changing needs and local economic conditions (Johnson, 2024).

The novelty of this study lies in its deeper focus on optimizing the regulatory framework to attract tertiary sector investments in Garut Regency, a region with unique challenges and characteristics distinct from broader studies on strategic sectors at the national level. This research will examine how existing regulatory frameworks can be modified and adjusted to better support tertiary sector investments, which are often overlooked in broader investment policies. This focus is expected to provide more relevant and applicable recommendations for regional policies, considering the untapped potential of the services sector.

The objectives of this research are:

1. To analyze the challenges and obstacles within the regulatory framework for tertiary sector investments in Garut Regency.
2. To identify opportunities and potentials in the tertiary sector that can be optimized to attract investments.
3. To formulate strategies for improving the regulatory framework to better support the development of tertiary sector investments, particularly in the context of regions with unique characteristics like Garut Regency.
4. To provide relevant and practical policy recommendations for the local government to leverage the potential of the services sector to enhance local economic growth.

To encourage the exploration of underutilized service sectors in an effort to strengthen their contribution to the region's GRDP.

METHODE

This research adopts a descriptive qualitative approach to analyze investment policies in the tertiary sector in Garut Regency (Nayar & Stanley, 2014). The goal is to understand how the existing regulatory framework can be optimized to attract more investments in this sector. This approach enables researchers to delve deeply into the phenomena from the perspectives of local government, business actors, and investors, as well as to gain insights into the factors influencing the attractiveness of tertiary sector investments.

The scope of this research is limited to existing investment policies in the tertiary sector, specifically those related to licensing, investor incentives, and the regulation of trade and service sectors in Garut Regency. The study not only focuses on existing regulations but also examines policy implementation and its impact on investment decisions in the region. Furthermore, it explores the perceptions and experiences of various stakeholders regarding the implemented policies, including the challenges they face and potential improvements that need to be made.

The variables analyzed in this research include the regulatory framework for investments, the attractiveness of the tertiary sector for investments, and the effectiveness of implemented policies. The regulatory framework refers to policies, regulations, and procedures established by the local government to facilitate and regulate investments in the tertiary sector, such as licensing and incentives. The attractiveness of the tertiary sector for investments is measured based on the amount and type of investments received, while policy effectiveness is evaluated based on the achievement of policy goals, such as increased investment volumes and improved ease for investors.

This research is conducted in Garut Regency, which has significant potential in the tertiary sector but has yet to fully optimize its investment regulations to attract investors. The research locations include local government offices, such as DPMPT (Investment and One-Stop Integrated Service Agency) and Bappeda (Regional Development Planning Agency), as well as business areas relevant to trade and services. The research population comprises various parties involved in investment policy, including local government officials, investors, and tertiary sector business actors. From this population, informants will be selected purposively, focusing on individuals with direct knowledge and experience regarding investment policies and their implementation in Garut Regency.

Data collection will be conducted using several techniques, including in-depth interviews with key informants (a list of interview questions is attached in Table 1), such as local government officials, local entrepreneurs, and investors, as well as Focus Group Discussions (FGDs) to gather the perspectives of various stakeholders on investment policies. Additionally, a document review will be conducted by examining documents related to investment policies in the region, such as local regulations, policy evaluation reports, and data on tertiary sector developments.

Data analysis employs a thematic analysis approach, where data collected from interviews, FGDs, and documentation are categorized based on emerging themes, such as challenges in policy implementation and factors affecting investment attractiveness. The results of this analysis will then be compared with similar policies implemented in other regions to identify best practices that can be adapted in Garut Regency.

Overall, this research is expected to contribute to the development of investment policies in Garut Regency by providing more effective and responsive policy recommendations to meet local tertiary needs.

RESULT AND DISCUSSION

This research aims to analyze investment policies and optimize the regulatory framework in Garut Regency, particularly in attracting investments in the tertiary sector. Based on the collected data, several significant findings have emerged regarding investment trends, supporting and hindering factors, and policy recommendations to optimize the investment climate.

1. Tertiary Investment Trends in Garut Regency

Data collected on the development of investments in Garut Regency over the past three years indicates a promising trend in the tertiary sector. Key sub-sectors within the tertiary sector that have shown growth include housing, industrial estates, office spaces, and trade. Although the contribution of the tertiary sector is not yet as substantial as that of manufacturing or agriculture, the data highlights steady growth. Below are details of tertiary sector investments in Garut Regency over the last three years:

Table 2. Development of Investment in Tertiary Sector in Garut Regency (2021-2023)

Years	Investment in Tertiary Sector (Rp Trillion)	Main Growth Sector
2021	1,1	Residential area
2022	1,2	Office Housing
2023	1.35	Trade, tourism, services
2024	1.5	Housing Trade Service

As shown in Table 2, there has been a significant annual increase in the tertiary sector. In 2021, tertiary sector investments were recorded at approximately IDR 1.1 trillion, rising to IDR 1.2 trillion in 2022. By 2023, the sector exceeded its target by reaching IDR 1.35 trillion, demonstrating optimism for 2024 with projections of reaching IDR 1.5 trillion.

This growth has been driven by several key factors, including increased demand for housing due to population growth, the development of office areas driven by business needs, and the expansion of the trade sector fueled by tourism and consumer spending.

However, despite this significant growth, challenges remain in attracting further investment, particularly related to inefficient licensing and regulatory processes. Focused policy measures are needed to optimize the existing regulatory framework, ensuring the sustainable growth of the tertiary sector.

Factors Supporting and Hindering Tertiary Sector Investment in Garut Regency is significantly influenced by macroeconomic conditions, government policies, and existing regulations. An in-depth analysis of these factors is crucial to understanding how the local regulatory framework contributes to creating a more conducive investment climate.

2. Supporting Factors for Tertiary Sector Investment

1. Economic Growth in Secondary and Tertiary Sectors

The growth of the economy, particularly in the secondary and tertiary sectors, provides a strong foundation for investment. In Garut Regency, the secondary (manufacturing) and tertiary (trade, services, and housing) sectors have experienced significant development. While the manufacturing sector contributes more prominently, the tertiary sector has begun to show positive trends, particularly in housing, office spaces, and trade. This growth is driven by increased demand due to urbanization and other demographic factors.

2. Increase in Tourist Number

Garut Regency has significant potential in the tourism sector, which attracts investment, especially in hospitality, restaurants, and trade. The increasing number of tourists visiting Garut has the potential to boost demand for services and facilities supporting the tertiary sector. For example, the development of tourist areas and supporting facilities such as restaurants, hotels, and shopping centers is on the rise. Policies supporting tourism promotion, such as infrastructure

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development, can further enhance this sector's appeal to investors.

3. *High Consumer Spending*

With economic growth and increased purchasing power, demand for goods and services has risen. This factor drives continued growth in the trade and service sectors. Research should explore policies that promote this consumption sector, including simplified business licensing, tax incentives, and support for MSMEs operating within it.

3. *Challenges Hindering Tertiary Sector Investment*

1. *Land Conversion*

One of the biggest challenges in the tertiary sector is land conversion, especially from the primary sector (agriculture) to industrial or residential areas. In Garut, this issue conflicts with the need to protect agricultural land, which is a primary livelihood source for many residents. Policies that allow land conversion without considering agricultural sustainability can hinder sustainable development. Therefore, investment policies must balance the growth of the tertiary sector with the preservation of the primary sector to ensure food security.

2. *Natural Disasters*

Garut is prone to natural disasters such as earthquakes and floods, adding uncertainty for investors planning to invest in the tertiary sector. This risk hinders long-term investment sustainability. Strengthening regulations related to disaster mitigation and providing incentives for investors involved in disaster mitigation infrastructure development are essential.

3. *Traffic Congestion*

As the trade and service sectors grow, increased vehicle use and population mobility lead to traffic congestion, hindering the distribution of goods and services. This congestion raises logistics costs and reduces business operational efficiency. Regulations on transport infrastructure development, such as opening new routes or expanding public transport systems, could help alleviate this issue.

4. *Waste Management*

Poor waste management creates environmental issues, reduces quality of life, and damages the region's reputation. With population and tourism growth in Garut, waste management is a critical issue that must be addressed to foster a clean and comfortable investment climate. Efficient waste management policies, including recycling and industrial waste handling, are vital to supporting investments, particularly in tourism and service-related sectors.

To enhance the regulatory framework and attract tertiary sector investments in Garut Regency, several strategic policies should address existing challenges. These policies aim to create a more conducive investment climate and reduce obstacles hindering tertiary sector development.

1. *Simplification of Licensing Processes*

Simplification of Licensing Processes Lengthy and complex licensing processes are a primary barrier to investment. Simplifying these processes is critical to attracting investors, particularly in trade, services, and tourism. The government could implement a more transparent, efficient, and integrated licensing system, such as online licensing platforms, to streamline administrative processes and reduce bureaucracy. This approach also provides legal certainty for investors developing businesses in these sectors.

2. *Infrastructure Development*

Robust infrastructure is essential to support the smooth operation of the tertiary sector. Despite its potential in tourism and trade, Garut faces challenges in accessibility and infrastructure such as roads, public transportation, energy facilities, and communication networks. Adequate infrastructure development and maintenance are needed to create a business-friendly environment. For example, building roads connecting tourist areas to urban centers and improving stable telecommunication and energy networks would significantly support optimal growth in the tourism and trade sectors.

3. *Collaboration Between Local Governments and Private Sector*

Close collaboration between local governments and the private sector is key to addressing environmental and transportation issues. The government can encourage private sector investment in infrastructure development by providing incentives like tax relief or special permits. For waste and environmental management, public-private partnerships can foster the use of environmentally friendly technologies and better resource efficiency. Additionally, the private sector can contribute to developing disaster management facilities, reducing risks for investors.

4. *Sustainable Agriculture and Prudent Resource Management*

As a region still reliant on agriculture, Garut must maintain the sustainability of this primary sector, which often intersects with tertiary sector activities. Policies promoting sustainable agriculture and prudent natural resource management can help mitigate land conversion issues. For instance, stricter land-use zoning regulations and support for environmentally friendly farming practices can prevent the conversion of agricultural land into residential or industrial zones. A strong agricultural sector also provides resources for tertiary sectors such as food trade and agricultural services.

5. *Addressing Traffic and Waste Management*

Traffic congestion and poor waste management pose serious barriers to the smooth operation of the tertiary sector. Efficient and environmentally friendly transportation policies are essential to tackling these issues. For example, the government could introduce better mass transit systems and develop integrated transport infrastructure, such as bus rapid transit (BRT) routes or affordable, comfortable public transportation options. In addition, waste management should be prioritized through recycling-based systems and more efficient technologies.

Overall supporting factors such as economic growth, an increase in tourist numbers, and rising consumer demand can serve as drivers for the development of the tertiary sector in Garut Regency. However, obstacles like land conversion, natural disasters, traffic congestion, and waste management require serious attention in policy formulation. The Garut Regency Government needs to create policies that not only support the growth of the tertiary sector but also address these challenges in a holistic and sustainable manner. With the implementation of appropriate policies, the tertiary sector in Garut Regency can further thrive and attract more investment.

4. Optimizing the Tertiary Sector for Sustainable Economic Growth in Garut Regency

The findings of this research indicate that while there has been significant growth in tertiary sector investment in Garut Regency, the sector still faces challenges that demand serious attention. The increasing trend of investment from 2021 to 2023 demonstrates the sector's substantial potential. Although projections for 2024 reflect optimism with higher targets, the sector still requires well-targeted policies to address existing barriers.

The implications of these findings underscore the importance of policy in creating a conducive investment climate, especially in the tertiary sector. To attract more investment, Garut Regency must improve its existing regulatory framework with a focus on infrastructure development, streamlined licensing processes, and efficient management of environmental and transportation issues. This research supports the argument presented in the introduction that, while the manufacturing and agricultural sectors have grown, the tertiary sector still holds untapped potential for further development.

In relation to the theories underpinning this research, Williamson & Looking (2000), *Investment Climate* theory and Lott & North (1992), *Institutional Economics* provide a strong foundation for analyzing the investment climate in Garut Regency. However, while these theories are highly relevant, the findings also highlight gaps between theoretical expectations and real-world conditions that need further attention.

The *Investment Climate* theory emphasizes external factors that shape a favorable investment environment, such as ease of doing business, efficient regulations, and adequate infrastructure. The research confirms that the tertiary sector in Garut Regency has great potential, which could be bolstered by supportive policies and infrastructure improvements. However, despite existing policies, cumbersome licensing processes and limited infrastructure pose significant burdens for investors. This gap between the theory's focus on ease of doing business and the field's reality—marked by bureaucratic hurdles and inadequate infrastructure—is noteworthy. This aligns with findings from the Clark et al., (2018), which suggest that, although efforts to improve the investment climate have been made, inconsistent implementation remains a major impediment. Thus, while the theoretical framework provides valuable insights, addressing practical challenges requires targeted and consistent policy action.

Institutional Economics Theory, on the other hand, emphasizes the role of institutions and regulations in facilitating or hindering investment. According to this theory, clear regulations and efficient institutions are key to supporting investment. This study indicates that in Garut Regency, despite policies designed to enhance the tertiary sector, there are still shortcomings in terms of consistent regulatory implementation and the effectiveness of oversight by relevant institutions. Obstacles such as land-use conversion and traffic congestion are structural problems influenced not only by policies but also by the quality of existing institutional management. This indicates a gap between the institutional economics theory, which views institutions as the main drivers of investment, and the reality on the ground, which is still affected by inefficiencies in institutional management and regulation.

Furthermore, although investment climate theory suggests improvements in aspects such as licensing and infrastructure, the findings of this study also reveal that social and cultural factors—such as resistance to changes in land use and dependence on the agricultural sector—play a significant role in limiting the optimization of the tertiary sector. This shows that the theory does not adequately account for the social and cultural complexities of the investment process, where mismatches between implemented policies and local values can become barriers.

In conclusion, while both theories are relevant and provide important insights into investment climate management, the findings of this study reveal gaps in policy implementation and institutional management that hinder the full potential of the tertiary sector in Garut Regency. Therefore, it is important to deepen the analysis of the role of social and cultural factors and to propose policy revisions that are more adaptive to local conditions.

The hypothesis testing in this study clearly shows that proper regulations and policies supporting the tertiary sector play a crucial role in enhancing investment attractiveness in Garut Regency. The research hypothesis, which states that regulatory and policy factors influence the tertiary sector, is supported by the data obtained, which demonstrates a significant relationship between government policies and the development of the tertiary sector.

Economic Growth, Tourism, and Community Consumption as Supporting Factors: This study found that economic growth in the secondary and tertiary sectors, particularly with the increase in tourist numbers and high community consumption, has become an important factor supporting investment in the tertiary sector. The tourism sector in Garut Regency, which is growing along with the rising number of visitors, offers significant opportunities for investment in sub-sectors such as hospitality, housing, and shopping centers. In addition, high community consumption also provides an appeal to the trade and other service sectors. Policies supporting these sectors, such as sustainable infrastructure development and more extensive tourism promotion, accelerate the growth of the tertiary sector.

This aligns with investment climate theory, which suggests that sectors supported by positive external factors such as tourism and community consumption tend to have higher investment appeal (Clemens & McKenzie, 2018). Therefore, the hypothesis linking increased investment to these factors is proven valid.

Inhibiting Factors: However, this study also identified significant inhibiting factors, such as land-use conversion, natural disasters, and waste management issues that disrupt the environment and infrastructure quality. Land-use conversion in Garut Regency, whether reducing agricultural land or for the development of the primary sector, diminishes potential land for the development of the tertiary sector, such as residential and industrial areas. Traffic congestion and poor waste management also hinder the progress of trade and service sectors, as poor accessibility and environmental issues reduce the region's appeal to investors.

These factors indicate a gap between the policies anticipated in institutional economics theory and the realities on the ground. As explained by Lott & North (1992), institutions and

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policies that are unresponsive to social changes and local conditions can impede investment, which is evident in the tertiary sector in Garut.

A More Integrated and Responsive Regulatory Framework: One of the main conclusions of this study is the need for a more integrated and responsive regulatory framework tailored to the needs of the tertiary sector. In this regard, policies that expedite the licensing process, coupled with better and environmentally friendly infrastructure development, must be promptly implemented. Sustainable natural resource management policies and stricter regulations on land-use conversion are also essential to prevent long-term losses in this sector.

By improving regulatory and policy aspects, the tertiary sector in Garut Regency has the potential to become more attractive to investors, as anticipated in the research hypothesis. Thus, the validation of this hypothesis not only addresses the research objectives regarding the importance of regulations and policies in attracting investment but also provides practical recommendations on optimizing policies to create a more conducive investment climate.

This study provides a clear depiction that regulations and policies that not only support but also proactively address inhibiting issues can transform the tertiary sector in Garut Regency into a more competitive and attractive sector. By implementing appropriate policies, the tertiary sector has the potential to become a key driver of sustainable economic growth, aligning with the region's long-term development goals.

Therefore, this study not only validates the hypothesis regarding the role of regulation in attracting investment in the tertiary sector but also offers practical contributions to formulating policies that will drive more sustainable and inclusive regional economic growth.

CONCLUSION

This study highlights the importance of optimizing the regulatory framework to attract investment in the tertiary sector, particularly in Garut Regency, which has great potential but has not been fully utilized. The findings of this study indicate that although investment realization in 2023 exceeded the target, the tertiary sector has not yet become a primary priority, with most investment realization focused on the housing, industrial, and office sectors. This study is significant for readers as it provides a new perspective on the need for a more inclusive and adaptive policy approach to support the tertiary sector, which plays a strategic role in creating jobs, driving innovation, and increasing the regional GDP. Using W. Richard Scott's Institutional Theory, this study offers a comprehensive framework emphasizing the importance of regulatory, normative, and cultural-cognitive pillars in creating a conducive investment climate.

However, this study has several limitations. First, the qualitative approach with a limited sample (15 informants) may affect the generalizability of the findings, which might only be relevant to the context of Garut Regency. Second, the study does not include long-term data as it focuses solely on investment data from 2023, leaving broader investment trends unmeasured. Third, the study does not quantitatively examine the impact of inhibiting factors on investment realization, reducing the empirical strength in drawing causal relationships.

Future research is expected to cover a wider scope, involving more regions and longer time periods, to provide a more comprehensive picture. In addition, in-depth exploration of the influence of cultural and cognitive factors on investment decisions could offer richer insights. Future studies could also conduct comparative studies with other regions that have successfully attracted investment in the tertiary sector and analyze the specific impacts of policies on various sub-sectors within this sector. Finally, it is important to assess the long-term economic impacts of investment in the tertiary sector to provide a stronger foundation for future policy-making.

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