CHAPTER I
INTRODUCTION

1.1 Background of the Study

Translation is widely used for various communication purposes, including official documents, international correspondence, reports, agreements, and legal regulations. In the context of globalization, translation has played a crucial role in enabling communication across linguistic and cultural boundaries, particularly in legal, political, and economic domains. Translation has allowed information, policies, and regulations formulated in one language to be accessed and understood by speakers of other languages. As Peter Newmark (1988) states, translation is the process of rendering the meaning of a text into another language in the way that the author intended. This definition highlights that translation is not merely a process of substituting words, but an act of transferring meaning accurately and appropriately.

Translation became particularly important in the field of law, as legal language requires a precise and specialized form of communication. Legal texts carry binding force and regulate rights, obligations, and responsibilities within a legal system. Therefore, legal translation demanded not only linguistic competence but also a thorough understanding of legal concepts and legal systems. Susan Šarčević (1997) explains that legal translation is concerned with achieving functional equivalence between legal systems, rather than merely linguistic similarity. Because legal systems are shaped by different cultural, historical, and institutional backgrounds, translating legal texts posed challenges that were more complex than those found in general texts.

In Indonesia, legal translation into English had strategic importance, especially in supporting international cooperation and foreign investment. English functioned as a global lingua franca that enabled foreign investors, international institutions, and comparative legal scholars to access Indonesian legal regulations. To accommodate this need, several Indonesian laws were officially translated into English. One of the most significant legal instruments in this context was Indonesia's Law No. 25 of 2007 on Capital Investment. This law regulates fundamental aspects of investment activities in Indonesia, including investment principles, investors' rights and obligations, government authority, and investment facilities. Importantly, Law No. 25 of 2007 remained valid and relevant up to the present time, as capital investment continued to be a central issue in national economic policy and global economic development (JDIH BPK RI, 2025).

Capital investment, particularly foreign direct investment, played a vital role in economic growth and international economic cooperation. Countries competed to attract foreign investors by providing legal certainty, transparency, and clear regulatory frameworks. In the Indonesian context, the continuous inflow of foreign investment strengthened economic relations between Indonesia and other countries. This condition increased the need for clear, accurate, and accessible investment regulations in a language that could be understood by international stakeholders. The availability of an official English version of Law No. 25 of 2007 issued by Badan Koordinasi Penanaman Modal reflected the government’s effort to provide legal transparency and certainty for foreign investors. As an official reference, the English version of this law was widely used to understand Indonesia’s investment regulations, making translation quality a crucial issue.

At the same time, translating Indonesian legal texts into English was a complex task. Legal language contains technical terminology, fixed expressions, and system-bound concepts that often do not have direct equivalents in the target language. Indonesian legal terminology is rooted in a civil law tradition, whereas English legal language is largely influenced by common law systems. These differences could lead to differences in meaning transfer if translation was not handled carefully. Jeremy Munday (2008) notes that legal translation is particularly challenging due to the interaction between language, law, and culture. Errors or inadequacies in legal translation might cause misinterpretation, legal uncertainty, or even disputes, especially in the context of investment where legal clarity is essential.

To address these challenges, translators employed specific translation techniques to solve problems arising from linguistic and conceptual differences between the source and target languages. Molina and Albir (2002) define translation techniques as procedures used to analyze and classify how translation equivalence is achieved at the micro level. The use of appropriate translation techniques is closely related to the concept of equivalence. Nida and Taber (1969) define translation as the reproduction of the closest natural equivalent of the source language message in the target language. In legal translation, equivalence is essential to ensure that legal meaning, intent, and function are accurately conveyed in the target text (TT).

Several previous studies examined legal translation in Indonesian contexts from various perspectives, including translation techniques, terminology, and equivalence. Ana and Puspani (2021), in their study entitled “Techniques of Translating Indonesian Legal Texts into English,” analyzed translation techniques applied in Indonesian legal texts and found that literal translation and borrowing were frequently used to preserve legal accuracy. Suryasa et al. (2021), in “Legal Terms in Translation of Regulation Number 40 Year 2007 Regarding Limited Liability Company in Indonesia,” emphasized the importance of terminological consistency in the English translation of Indonesian laws, noting that inconsistency could lead to ambiguity and misinterpretation. More recent studies further supported these findings and expanded the discussion into broader legal and institutional contexts. Syafran et al. (2024) examined translation strategies and equivalence in UNESCO agreements and found that strategy selection played an important role in preserving equivalence, particularly when formal documents contained culturally embedded terminology. Nugroho and Johanes (2025) investigated the translation of official nomenclature in the Supreme Court and revealed that inaccuracies often occurred due to inappropriate adoption of common law terminology, which did not reflect Indonesia's civil law tradition. In addition, Nufiedia et al. (2025) analyzed translation techniques in legal noun phrases on the Judicial Commission website and reported that literal translation was the most dominant technique, indicating the preference for direct translation in institutional legal discourse. Azzahra et al. (2025) also examined translation techniques in an international economic agreement (IUAE-CEPA) and highlighted that established equivalence and literal translation were frequently used to maintain legal precision in translating intellectual property rights terms. These studies indicated that translation technique selection was strongly related to accuracy, acceptability, and equivalence achievement in legal and institutional translation.

Despite the growing body of research on legal translation, most existing studies focused on legal domains such as company law, constitutional law, or immigration law, while research specifically examining Indonesian investment law remained limited. Moreover, several studies tended to analyze translation techniques and equivalence separately, without explicitly exploring the relationship between the two. In particular, the official English translation of Indonesia's Law No. 25 of 2007 on Capital Investment issued by Badan Koordinasi Penanaman Modal had not been sufficiently examined from the perspective of translation techniques and equivalence. This gap indicated the need for a more integrated analysis.

Based on the issues above, this study aimed to analyze the translation techniques used in the English version of Indonesia's Law No. 25 of 2007 on Capital Investment and to examine how equivalence was achieved through the application of these techniques. By employing the translation techniques framework proposed by Molina and Albir and the equivalence theory proposed by Nida and Taber, this study sought to provide a comprehensive understanding of how Indonesian legal meanings were transferred into English in the context of investment law.

1.2 Research Questions

The research questions of this study are:

1. What translation techniques are used in the English version of Indonesia's Law No. 25 of 2007 on Capital Investment?
2. How is equivalence achieved in the English translation of Indonesia's Law No. 25 of 2007 on Capital Investment based on Nida and Taber's theory?

1.3 Purposes of the Study

The purposes of this study are:

1. To identify and analyze the translation techniques used in the English version of Indonesia's Law No. 25 of 2007 on Capital Investment based on Molina and Albir's framework.

2. To examine how equivalence is achieved in the English translation of Indonesia's Law No. 25 of 2007 on Capital Investment based on Nida and Taber's theory.

1.4 Limitation of the Study

This study focused on the English translation of Indonesia's Law No. 25 of 2007 on Capital Investment. Due to the extensive length of the law, which consists of eighteen chapters, this research applied purposive sampling by selecting six chapters, namely Chapter I, Chapter III, Chapter V, Chapter VII, Chapter IX, and Chapter X. The analysis was limited to linguistic aspects related to translation techniques and equivalence and did not examine the law from a doctrinal legal interpretation perspective.

1.5 Significance of the Study

This study was expected to contribute theoretically and practically. Theoretically, this research contributed to translation studies by offering an integrated analysis of translation techniques and equivalence in legal translation, particularly in the context of Indonesian investment law. Practically, the findings of this study could serve as a reference for translators, legal practitioners, and policymakers in improving the quality and accuracy of legal translations intended for international audiences. This study could also provide useful insights for future researchers interested in legal translation, translation techniques, and equivalence analysis.

1.6 State of the Art

Several studies reported that literal translation often appeared as the most dominant technique in legal translation, followed by borrowing and established equivalence (Ana & Puspani, 2021; Suryasa et al., 2021; Nufiedia et al., 2025; Ardi, 2025). These techniques were frequently applied in statutory and institutional translations because they helped preserve terminological precision and maintain the formal characteristics of legal language. Similar patterns were also found in the translation of legal agreements, where literal translation and naturalization were used to maintain legal meaning and institutional formality (Muhaya & Nugroho, 2024).

Previous studies also emphasized the role of equivalence as a key indicator of legal translation quality. Equivalence ensured that legal meaning, legal intent, and legal authority remained consistent in the target language. Several researchers noted that inconsistencies in translating system-bound legal terminology could weaken equivalence and reduce clarity. Such problems often occurred when legal concepts were translated using terminology derived from different legal traditions (Suryasa et al., 2021; Nugroho & Johanes, 2025). These findings suggested that equivalence in legal translation required not only linguistic similarity but also conceptual and institutional compatibility between legal systems.

Challenges in legal translation also appeared in broader formal documents, including international agreements and culturally embedded institutional texts. Studies on UNESCO agreements and international economic partnership agreements showed that legal and cultural concepts often required careful strategy selection. Strategies such as descriptive equivalence, functional equivalence, and combined techniques were commonly used to preserve meaning across languages (Syafran et al., 2024; Azzahra et al., 2025). Similar issues were also observed in culturally oriented bilingual publications, where equivalence had to balance accuracy with clarity for international readers (Krisnayanti et al., 2025). These studies indicated that the achievement of equivalence was closely related to the translation techniques applied.

Research outside the legal domain also demonstrated the influence of translation techniques on translation quality. Studies on news translation, manual texts, and public health instructional materials revealed that technique selection affected readability and acceptability (Basriana et al., 2022; Indarti, 2021; Sembiring et al., 2021). Although these studies did not specifically focus on statutory translation, they reinforced the broader view that translation techniques influenced the effectiveness of meaning transfer and the accessibility of translated texts.

Based on the previous studies, translation techniques, equivalence, and translation quality had been widely examined in various legal and institutional contexts. However, studies focusing specifically on Indonesian investment law remained limited. This research gap highlighted the importance of examining how translation techniques contributed to the achievement of equivalence in the English translation of Indonesia's Law No. 25 of 2007 on Capital Investment. This legal text functioned as an important reference for international investors and global economic stakeholders.