

Analysis of institutional governance model regulation: case study of the tourism zone sezs

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ARTICLE INFO

Keywords:

Governance;
Regulation;
Special Economic Zones;
Tourist.

Article history:

Received February 18, 2023;
Revised March 21, 2023;
Accepted May 25, 2023;
Online July 01, 2023.

ABSTRACT

The method used in this research is a qualitative approach supported by an empirical juridical analysis approach by collecting data through observation and interviews. The results of the research are expected to be able to formulate a model of governance of authority, human resources and governance arrangements related to policies for the development of Special Economic Zones in Indonesia. the evaluation of the development and management of SEZ by the SEZ National Council based on the progress of its development is strengthening various aspects and sectors in supporting SEZ, which determines how it is realized in terms of effectiveness and efficiency in order to accelerate the achievement of national economic development, it is necessary to increase investment in the focus of tourism research that will be carried out by team through setting up regulations, governance,

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1. Introduction

Special economic zones (KEK) in Law (UU) No. 39 of 2009 Article 1 paragraph (1) is defined as an area with certain boundaries within the jurisdiction of the Unitary State of the Republic of Indonesia (NKRI) which is determined to carry out economic functions and obtain certain facilities. Then in Article 2, SEZ is developed with the function of accommodating industrial activities, exports, imports and other economic activities that have high economic value and international competitiveness. In other words, SEZ is aimed at increasing growth, equity and competitiveness through the development of new economic growth centers in the regions. KEK is expected to improve the investment climate, so that economic growth is more evenly distributed.

Furthermore, in Law no. 39 of 2009 Article 3 paragraph (1), states that in SEZ there can be more than one zone, including: export processing, logistics, industry, technology development, tourism, energy, and/or other economies. In this regard, 19 SEZs have been established in Indonesia which are spread all over the country, namely: Arun Lhokseumawe SEZ, Sei Mangkei SEZ, Nongsa SEZ, Batam Aero Technic SEZ, Galang Batang SEZ, Tanjung Kelayang SEZ, Tanjung Lesung SEZ, Lido SEZ, SEZ Kendal, SEZ Gresik, SEZ Singhasari, SEZ Mandalika, SEZ Maloy Batuta Trans Kalimantan, SEZ Palu, SEZ Likupang, SEZ Bitung, SEZ Morotai, SEZ Sorong, and SEZ Tanjung Api-Api.

SEZs are divided into 11 industrial SEZs and 8 tourism SEZs. Until 2021, SEZ has produced a total realized investment of Rp. 76.75 trillion, absorbing a workforce of 28,984 people, 179 business actors, Rp. 9.38 trillion in export value from SEZ Sei Mangkei, SEZ Palu, SEZ Galang Batang, and SEZ Kendal in 2021, with 21 main activities ((National Council for Special Economic Zones of the Republic of Indonesia, 2021, p.11). Also in 2021, The KEK National Council evaluates the development and management of SEZs. The results of the SEZ meeting resulted in 4 (four) groupings of SEZs based on their development progress, including 4 (four) SEZs with optimal development, 4 (four) SEZs with not optimal development progress, 6 (six) SEZs with special attention, and 1 (one) SEZ which was revoked because there was no development ((National Council for Special Economic Zones of the Republic of Indonesia, 2021,.39).

The success of SEZ development is influenced by various factors as explained. From a regulatory perspective, the Government is making updates to maximize SEZ development, which is contained in the Job Creation Law. In general, there have been four changes, including: 1) simplification of permits for businesses in KEK; 2) simplifying the procedure for applying for SEZ status; increase the authority of the KEK National Council Secretariat and strengthen the SEZ administrator institution and its investment service system; 3) regulate incentives and ease of doing business in KEK; and 4) oblige the Regional Government to provide support such as regional incentives. The implementation of the Job Creation Law regarding the implementation of KEK is regulated in Government Regulation (PP) No. 40 of 2021 concerning Implementation of KEK, effective since February 2021.

Referring to Article 50 PP No. 40 of 2021, there are four key institutions that have different duties and authorities in KEK, including the National Council, Secretariat General of the National Council, Regional Council, and KEK Administrator. Compared to the previous regulations, there have been changes in the duties and functions as well as the working relationship of the National Council with the Regional Council and the KEK Administrator. The National Council is responsible for the implementation of KEK at the national level. To assist the implementation of the tasks of the National Council, a Secretariat General of the National Council was formed. The Regional Council assists the National Council in administering SEZs at the provincial level.

KEK Administrator is a work unit tasked with administering business licenses, other permits, services, and supervision in KEK. Furthermore, SEZ management is carried out by Management Business Entities, KEK Administrators, Regional Councils, and the National Council (Article 63 PP No. 40 of 2021). The managing business entity (BUP) is tasked with organizing SEZ business activities. Thus, technically the development of KEK is more dominantly carried out by Administrators and BUPs. If the Administrator focuses on administrative matters and permits, the BUP focuses more on the development and commercial aspects of SEZ management.

A more realistic description of this research in the regulation and management of SEZs. Among them include the capacity of SEZ managers who are not yet in compliance with regulations, inadequate infrastructure, inadequate planning, lack of awareness and support from parties to commit to SEZ management. Meanwhile, there are several principles in governance, namely transparency, accountability, responsibility, independence, fairness. So that in this field research article, we will explore related institutional capacity arrangements for the management and development of SEZs in tourism areas and institutional governance models for optimizing the management and development of SEZs in tourism areas.

2. method

This study uses empirical legal methods to find out how important the role and regulation of government policies are in implementing SEZs and to determine the impact of overlapping authorities on SEZ development. The approach used is a qualitative approach and also a study mix method model to support the success of the research team in analyzing the results of research that has been carried out in several districts in Indonesia by conducting direct observations and research activities in the field to find results and updates from research.

3. Analysis and Results

In Asia, the pioneer of the special economic zone policy was the Chinese government which had submitted a SEZ proposal from the late 1970s. In order to acquire a capitalist system within a socialist framework, they initiated a number of regions to adopt special rules that were different from the majority of other regions. The program design itself was only approved and implemented in 1980. If examined further, China's big idea of forming a special economic area was actually inspired by the trade zone area they owned in the early 19th century. Reflecting on past success, they also tried to do the same thing with regulations tailored to current investment needs. One of the striking characters in China's SEZ is its branding which is likened to 'window' and 'radiator'.

In detail, the concept and design of the SEZ is regulated in articles 1 and 4 of the Law of the Chinese Government regarding SEZ which reads: "Certain areas of the three cities in the Guangdong region are designed to carry out special programs and cooperation through foreign investment." (Article 1). "(Within the SEZ area) Investors can establish, with their own investment or in joint ventures with the government, all projects that have positive significance for international economic cooperation and technical exchange, including industry, agriculture, culture, animal husbandry, aquaculture, tourism, housing and construction, as well as research and manufacturing involving high technology, and other businesses of common interest to investors and the Chinese side." (Article 4).

In subsequent developments, the goal of establishing a SEZ can be achieved and is able to sustain China as a new industrial area. This was later replicated by a number of other countries, such as India, Somalia and Indonesia. In India, SEZ has not played an optimal role in accelerating economic growth and investment there. A number of studies state that the role of SEZs that has not been maximized is due to the lack of synergy among the supporting factors for SEZs, such as poor quality infrastructure, limited incentives, and slow bureaucracy and administration (Exchange and Act, 2009; Tantri, 2012). Almost the same as what happened in India, in Somalia the SEZ condition is not much different. Based on research conducted by Abdi et al. (2022), It can be seen that each SEZ developer actor in Somalia has different perceptions and expectations regarding the final objectives of SEZ. However, they agreed on one thing, namely the importance of human resources in supporting the dynamics of SEZ going forward.

SEZ development is based on a concept that aims to accelerate regional development and as a breakthrough model for regional development for economic growth, including industry, tourism and trade so as to increase employment opportunities. In order to accelerate the achievement of national economic development, it is necessary to increase investment through the preparation of areas that have economic and geostrategic advantages. The area is prepared to maximize industrial activities, exports, imports and other economic activities that have high economic value. The development of Special Economic Zones is directed at making an optimal contribution to achieving the 4 (four) national priority agendas set out in Nawacita.

3.1 Arrangement of institutional capacity for SEZ management and development in tourism areas

The success of SEZ development is influenced by various factors as explained. From a regulatory perspective, the Government is making updates to maximize SEZ development, which is contained in the Job Creation Law. In general, there have been four changes, including: 1) simplification of permits for businesses in KEK; 2) simplifying the procedure for applying for SEZ status; increase the authority of the KEK National Council Secretariat and strengthen the SEZ administrator institution and its investment service system; 3) regulate incentives and ease of doing business in KEK; and 4) oblige the Regional Government to provide support such as regional incentives. The implementation of the Job Creation Law regarding the implementation of KEK is regulated in Government Regulation (PP) No. 40 of 2021 concerning Implementation of KEK, effective since February 2021.

The implementation of KEK is regulated in Law no. 39 of 2009 concerning Special Economic Zones, which was later amended through Law no. 11 of 2020 concerning Job Creation. In general, changes are related to five things,

The Job Creation Law regulates simplification of licensing for businesses in Special Economic Zones. In terms of licensing, entrepreneurs need an industrial area business permit to be able to conduct industrial business in KEK. The Job Creation Law also expands the business sectors that can be held by investors in KEK, with the education and health sectors and categories in multi-sectors. Apart from that, the Job Creation Law also regulates special facilities and procedures to accelerate the acquisition of land rights.

The Job Creation Law simplifies the procedure for applying for SEZ status. Previously, the procedure for proposing SEZs had to be tiered, starting from the district/city government, to the provincial government, then to the central government. Several new arrangements were made to clarify the proposal process, including arrangements for land tenure of at least 50 percent, arrangements for proposing cross-provincial SEZs, to arrangements for the transformation of Free Trade Areas and Free Ports (KPBPB) into SEZs.

The Job Creation Law increases the authority of the KEK National Council Secretariat and strengthens the KEK Administrator institution and its investment service system. The SEZ Administrator is now established and is directly responsible to the National Council. The Administrator's duties are to carry out business permits and other permits, non-licensing services as well as control and supervision of KEK. The KEK administrator is also authorized to carry out independent customs services. For SEZs whose territory covers more than one province, a Zone Council can be formed.

The Job Creation Law regulates incentives and ease of doing business in KEK, including the development of an integrated electronic system that integrates business licensing nationally. With this system, providing fiscal facilities becomes easier. Non-industrial SEZs are also granted permission to import consumer goods.

The Job Creation Law requires Regional Governments to provide support such as regional incentives. Apart from these things, the National Council is also authorized to determine additional facilities and other conveniences.

3.2. Institutional governance for optimizing the management and development of SEZs in tourism areas

Referring to Article 50 PP No. 40 of 2021, there are four key institutions that have different duties and authorities in KEK, including the National Council, Secretariat General of the National Council, Regional Council, and KEK Administrator. Compared to the previous regulations, there have been changes in the duties and functions as well as the working relationship of the National Council with the Regional Council and the KEK Administrator. The National Council is responsible for the implementation of KEK at the national level. To assist the implementation of the tasks of the National Council, a Secretariat General of the National Council was formed.

The Regional Council assists the National Council in administering SEZs at the provincial level. KEK Administrator is a work unit tasked with administering business licenses, other permits, services, and supervision in KEK. Furthermore, SEZ management is carried out by Management Business Entities, KEK Administrators, Regional Councils, and the National Council (Article 63 PP No. 40 of 2021). The managing business entity (BUP) is tasked with organizing SEZ business activities. Thus, technically the development of KEK is more dominantly carried out by Administrators and BUPs. If the Administrator focuses on administrative matters and permits, the BUP focuses more on the development and commercial aspects of SEZ management.

The evaluation results of the KEK National Council show that apart from the various problems as stated, the problem that also arises is the lack of strength of the BUPP consortium (Susanto, 2022). Apart from injustice, the problem within BUPP is the lack of professional human resources (Saputro, 2021). SEZ institutions open space for ASN to contribute to achieving SEZ goals. The ASN is called the administrator whose task is to assist in the implementation of KEK. These administrators are authorized to serve Development and Management Business Entities (BUPP) and business actors investing in the KEK area. In its implementation, one of the obstacles encountered in SEZ is related to bureaucratic services. In this

bureaucratic service, administrators are considered to be less professional. Secretary of the SEZ National Council, Enoch Suharto Pranoto,

The implementation of the Job Creation Law is regulated through PP No. 40 of 2021 concerning Implementation of KEK. The entry into force of this PP revokes PP No. 1 of 2020 and PP No. 12 of 2020. Referring to Article 50 PP No. 40 of 2021, there are four key institutions that have different duties and authorities in KEK, including the National Council, Secretariat General of the National Council, Regional Council, and KEK Administrator. Compared to the previous regulations, there have been changes in the duties and functions as well as the working relationship of the National Council with the Regional Council and the KEK Administrator. The National Council is responsible for the implementation of KEK at the national level. To assist the implementation of the tasks of the National Council, a Secretariat General of the National Council was formed. The Regional Council assists the National Council in administering SEZs at the provincial level. KEK Administrator is a work unit tasked with administering business licenses, other permits, services, and supervision in KEK. Furthermore, SEZ management is carried out by Management Business Entities, KEK Administrators, Regional Councils, and the National Council (Article 63 PP No. 40 of 2021).

4. Conclusion

The influence and importance of this research is that the Implementation of KEK is regulated in Law no. 39 of 2009 concerning Special Economic Zones, which was later amended through Law no. 11 of 2020 concerning Job Creation. It is hoped that the country's economic influence that has the potential for community welfare and government support can be used to find out potential information on state assets related to natural resources and the environment, spatial economic policies in an area, to be taken into consideration in the strategy for developing tourism SEZs from the aspect of increasing tourist attractiveness, and in efforts to preserve and improve the quality of the Special Economic Zones for Tourism and further to increase the attractiveness of investors in development and development.

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