
| RESEARCH ARTICLE

Implementation of Free Trade and Free Port Policy in Investment Improvement at Batam City Riau Islands Province

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| ABSTRACT

The research aims to analyze how the implementation of free trade zone and free port policies in Batam City increases investment, as well as to analyze the supporting and inhibiting factors of policy implementation, in order to formulate a model for the implementation of free trade zone and free port policies to increase investment. The policy implementation theory referenced from Meter and Horn (1975) includes dimensions such as policy standards and objectives, resources, characteristics of the implementing agency, inter-organizational communication, attitudes of policy implementers, and the socio-political and economic environment. This research uses a descriptive qualitative method with primary data obtained through observations and interviews with informants from the Batam Authority, private sector, and local community. The data analysis technique uses descriptive analysis techniques, which include data reduction, data presentation, and drawing conclusions. The research findings conclude: 1) The implementation of the free trade zone and free port policies to increase investment in Batam City has not been optimally implemented, described from the following perspectives: a) the substance and objectives of the policy have been understood by all policy implementers, b) policy resources are not supported by sufficient human resources and budget resources, c) there are many fragmented authorities across several related institutions, d) communication between organizations has not been intensively carried out and the activities of policy implementation have not been intensively conducted, e) active community involvement is still low, f) implementers' attitudes show conflicts of interest; 2) The policy implementation is supported by clear regulations and policies, support from local and central governments, political stability and security, and support from the private sector. The inhibiting factors include fragmented authority and weak coordination, complicated and inefficient bureaucracy, lack of competent human resources, limited infrastructure, lack of community participation, and limited budget; 3) The researcher designed a policy implementation model for the free trade zone and free port to increase investment, developed from Meter and Horn (1975), which is believed to improve the optimization of the free trade zone and free port policy implementation. The innovation lies in the addition of leadership and collaboration dimensions to complement the existing model, making it relevant and contextual with the conditions in Batam City.

| KEYWORDS

Policy Implementation, Free Trade Zone and Free Port, Batam City.

| ARTICLE INFORMATION

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1. Introduction

Free Trade Zones (FTZs) and Free Ports have emerged as pivotal instruments for fostering economic growth by enhancing trade activities and foreign direct investment (FDI). Globally, these zones offer minimized tariffs, fiscal incentives, and streamlined regulations to attract multinational enterprises and integrate into global value chains. Successful examples, such as China's Shenzhen Special Economic Zone and the UAE's Jebel Ali Free Zone, demonstrate how regulatory flexibility and infrastructure development can catalyze industrial expansion and export competitiveness (Chen & de Lombaerde, 2019; Achmad et al., 2024).

In Indonesia, the establishment of FTZs and Free Ports is governed by Government Regulation No. 41 of 2021, designating Batam, Bintan, and Karimun (BBK) as priority areas. These zones provide investors with tax exemptions, simplified import-export procedures, and digital licensing services, contributing Rp 242.5 trillion in realized investments and generating over 151,000 jobs by September 2024 (Humas Kemenko RI, 2024). Despite these achievements, challenges persist in optimizing the zones' potential, particularly in Batam, a strategic industrial hub since the 1970s.

Batam's evolution as a Free Trade Zone (FTZ) reflects Indonesia's broader strategy to leverage Special Economic Zones (SEZs) as engines of economic diversification. Managed by the Batam Development Agency under a decentralized governance model, the city offers competitive tax policies and industrial infrastructure, particularly in the oil and gas sectors. However, overlapping regulatory authority between central and local governments, land tenure disputes, and bureaucratic inefficiencies hinder cohesive development (Dalla & Hutabarat, 2018). For instance, 428 land conflict cases were reported in Kepulauan Riau Province in 2021, with 72% concentrated in Batam (kepri.bpk.go.id, 2021), highlighting systemic governance gaps. Furthermore, despite significant growth in foreign direct investment (FDI), unemployment in Batam remains persistently high due to skill mismatches between labor supply and industry demand, exacerbated by rigid labor regulations. Data from the Open Unemployment Rate of Kepulauan Riau Province by Regency/City, 2020-2024 (Table 1) reveal that Batam consistently records the highest unemployment rate (8.2% in 2024), underscoring the disparity between investment growth and labor absorption.

Tabel 1: Open Unemployment Rate of Kepulauan Riau Province by Regency/City, 2020-2024 (%)

Regencies/City	2020	2021	2022	2023	2024
Kepulauan Riau	10,34	9,91	8,23	6,8	6,39
Karimun	8,36	7,2	6,87	6,02	5,52
Bintan	8,36	8,62	6,91	5,43	4,53
Natuna	4,1	5,15	4,15	4,05	3,89
Lingga	4,41	4,23	3,09	3,52	3,38
Kepulauan Anambas	3,44	1,27	2,15	2,55	2,38
Batam	11,79	11,64	9,56	8,14	7,68
Tanjungpinang	9,3	6,31	5,27	4,76	4,69

Source: Center of Statistic Agency of Riau Islands Province, 2020-2024.

Infrastructure deficiencies exacerbate these challenges. Despite Batam's strategic maritime location, logistical costs remain elevated, with Indonesia's Logistic Performance Index (LPI) scoring 3.15—below regional peers like Singapore (4.0) and Thailand (3.41). Inadequate road networks, inefficient port operations, and high transportation expenses undermine the zone's competitiveness (BPS Kepri, 2023). Additionally, Batam faces environmental constraints, including limited freshwater reserves, with only 5% of rainwater absorbed into aquifers, necessitating urgent investments in water management and renewable energy infrastructure to sustain long-term growth.

The complexity of these issues highlights the need for a robust policy implementation framework. Meter and Horn's (1975) model, emphasizing clarity of objectives, resource allocation, interagency coordination, and adaptability to socio-political dynamics, offers a relevant lens to evaluate Batam's FTZ governance. This model's focus on aligning stakeholder actions with strategic goals is critical in addressing fragmented authority and enhancing regulatory coherence. By integrating empirical findings from Batam's context, this study aims to formulate an adaptive implementation framework, ensuring that policy mechanisms translate into tangible investment outcomes while mitigating structural bottlenecks. Ultimately, the research seeks to advance Indonesia's position within global trade networks by reconciling regulatory ambitions with on-ground realities in its flagship FTZs.

2. Literature Review

2.1 Public Policy Implementation

"Policy implementation involves the execution and steering of a course of action over time. Policy implementation is essentially a practical activity, as distinguished from policy formulation, which is essentially theoretical" (Dunn, 2013). William N. Dunn's statement generally explains that policy goals are linked to the power, interests, and strategies of policy actors, as well as institutional characteristics, governance regimes, implementation, and responses to the policy.

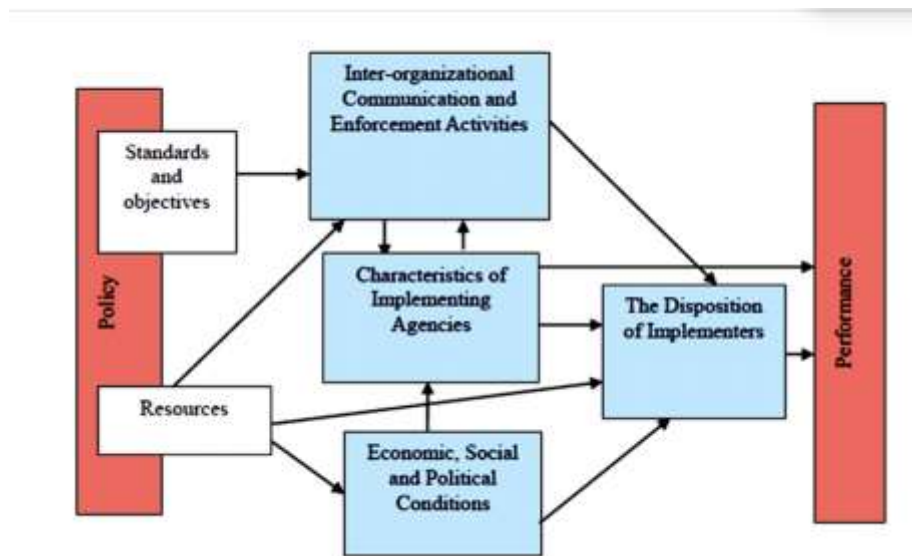
Furthermore, policy implementation involves executing and controlling the direction of policy actions until the desired outcomes are achieved. Essentially, policy implementation is a practical activity focused on selecting a course of action and ensuring its completion, rather than understanding the nature of the problem.

Policy implementation is a critical aspect of the entire policy process. Udoji (in Wahab, 2004) argues, "the execution of policies is as important, if not more important, than policy-making. Policies will remain dreams or blueprints in file jackets unless they are implemented." This illustrates that policy execution is crucial—potentially even more important than policy formulation. Policies will merely remain dreams or plans archived in files if not implemented.

In principle, policy implementation is the means to achieve policy objectives. To implement public policies, there are two approaches: directly operationalizing them through programs or formulating derivative policies. Public policies in the form of laws or regional regulations require implementing regulations, while policies such as Presidential Decrees, Presidential Instructions, Ministerial Decrees, or Regional Head Decrees can be directly operationalized (Nugroho, 2016). Broadly, policy implementation is a legal administrative instrument where various actors, organizations, procedures, and techniques collaborate to execute policies and achieve desired impacts or goals (Winarno, 2014).

Model implementasi kebijakan Meter dan Horn dapat digambarkan sebagai berikut:

Gambar 1. Model Implementasi Kebijakan Van Meter dan Van Horn (1975)



Sumber: Van Meter and Van Horn, 1975

Based on the figure above, according to Hill and Hupe, Van Meter and Van Horn's policy implementation model consists of the following variables (Hill & Hupe, 2002):

1. Policy Standards and Objectives

The performance of policy implementation can be measured by the success rate in achieving realistic policy standards and objectives that align with the socio-cultural context at the implementer level. If the standards and objectives are overly idealistic (utopian), implementation will be difficult to realize. Van Meter and Van Horn emphasize that measuring implementation performance must refer to specific standards and objectives that implementers are required to achieve. Essentially, policy performance is an assessment of the degree to which these standards and objectives are met.

A clear understanding of the general intent of policy standards and objectives is critical. Policy implementation may fail if the implementers do not fully comprehend or acknowledge these standards and objectives. Additionally, the disposition (attitudes and perceptions) of implementers toward the policy standards and objectives is crucial. Implementation failure often occurs when implementers reject or misunderstand the policy's purpose.

Every public policy must have clear and measurable standards and objectives. Without clarity, policy goals become difficult to achieve. Ambiguous standards and objectives can lead to multiple interpretations, misunderstandings, and even conflicts among implementing agents (Subarsono, 2008, p. 99).

2. Resources

Policy implementation requires adequate resources, including human resources, material resources, and methodological resources. Among these, human resources are the most critical, as they serve a dual role: as the subject implementing the policy and the object of the public policy itself.

The success of policy implementation heavily depends on the ability to utilize available resources effectively. Human resources are pivotal, as every stage of implementation demands qualified personnel aligned with the non-politically

defined requirements of the policy. Financial resources and time are equally vital considerations. Policy resources—such as funding or supporting incentives—are as crucial as communication. Insufficient funding or incentives often contribute significantly to policy implementation failure.

3. Characteristics of Implementing Organizations

For policy implementation to achieve maximum success, the characteristics of implementing agents must be identified, including bureaucratic structure, norms, and relational patterns within the bureaucracy. These factors influence the execution of established policy programs.

Focus on implementing agents involves both formal and informal organizations engaged in policy implementation. Implementation performance depends heavily on how well the organization's characteristics align with the policy context. For instance, some policies require strict and disciplined implementers, while others demand democratic and persuasive agents. Additionally, the geographical or jurisdictional scope of the policy is a critical consideration in selecting implementing agents.

According to Edwards III (1980), there are two key characteristics of implementing organizations in bureaucratic structures:

4. Standard Operating Procedures (SOPs)

SOPs are developed as internal responses to time constraints, limited resources, and the need for uniformity in complex and widespread organizations. However, SOPs designed for typical past scenarios may hinder new policy implementation. The greater the policy's demand for changes to routine workflows, the higher the likelihood that SOPs will become barriers. For example, policies requiring new working methods or specialized personnel are often obstructed by rigid SOPs.

5. Fragmentation

Fragmentation stems from external pressures on bureaucracies, such as legislative committees, interest groups, executive officials, national constitutions, or the nature of the policy itself. Edwards III (1980) defines fragmentation as "the dispersion of responsibility for a policy area among several organizational units." The more actors and institutions involved in a policy, and the more interdependent their decisions, the lower the chances of successful implementation. Edwards further argues that the greater the coordination required to execute a policy, the less likely it is to succeed.

4. Inter-Organizational Communication and Implementation Activities

For public policies to be effectively implemented, Van Meter and Van Horn (1975) emphasize that policy standards and objectives must be understood by the implementers. These standards and objectives must be clearly communicated to them, as they are responsible for achieving them. Communication should be consistent and uniform across all information sources. Without clarity, consistency, and uniformity, policy standards and objectives become difficult to achieve. Clear communication ensures implementers know what is expected of them and what actions to take.

In public organizations, communication is often a complex and challenging process. Transmitting information downward within an organization or across organizations is prone to distortion, whether intentional or unintentional. If different communication sources provide inconsistent interpretations of policy standards and objectives, or if the same source delivers conflicting explanations, implementers will struggle to execute the policy effectively. Thus, successful policy implementation hinges on accurate and consistent communication with implementers. Furthermore, coordination is a critical mechanism in policy implementation. The better the communication coordination among stakeholders, the lower the risk of errors. Conversely, poor coordination increases the likelihood of failure.

5. Disposition or Attitude of Implementers

Van Meter and Van Horn argue that *"the acceptance or rejection attitudes of policy implementers significantly influence the success or failure of public policy implementation. This often occurs because policies are typically not formulated by local communities who deeply understand the issues but are imposed top-down. Policymakers may lack awareness of or fail to address the actual needs, desires, or problems requiring resolution"*. In policy implementation, the disposition or attitude of implementers is categorized into three dimensions:

1. Implementers' Response to the Policy

Relates to their willingness to execute the public policy.

2. Understanding of the Policy

Refers to the extent to which implementers comprehend the policy's substance.

3. Intensity of Implementers' Disposition

Involves their value preferences, which shape their commitment to implementation.

6. Socio-Political and Economic Environmental Conditions

Socio-political and economic environmental conditions are critical variables in public policy implementation. This variable encompasses the availability of economic resources within the environment, such as funding, infrastructure, or market access, which serve as the material foundation for policy success. Additionally, the support or opposition from interest groups significantly shapes implementation dynamics, as these groups often possess the capacity to influence the process through lobbying or political pressure. The characteristics of participants—whether individuals or organizations—also play

a pivotal role; their proactive engagement or resistance can accelerate or obstruct policy objectives. Public opinion, meanwhile, reflects societal responses to the policy: broad support can legitimize the policy, while widespread opposition may trigger political crises. Lastly, the role of political elites cannot be overlooked. Support from influential actors, such as high-ranking officials or ruling parties, often acts as a catalyst for successful implementation, whereas the absence of such support can lead to stagnation or failure. Thus, the complex interplay of economic factors, interest group dynamics, participant characteristics, public sentiment, and political backing creates an environment that either facilitates or hinders policy effectiveness.

Van Meter and Van Horn's policy implementation model operates on a *top-down* framework, particularly suited for policies like free trade zones and free ports, which are typically designed and mandated by higher authorities. This model employs a hierarchical logic, mapping policy objectives from central decision-makers to local implementers to evaluate alignment between goals and outcomes. Its *policy-centered* approach prioritizes analyzing the policy itself—assessing clarity, communication, and resource allocation—to determine effectiveness. In contrast, Edwards III's model focuses on bridging policy formulation with societal consequences, emphasizing bureaucratic procedures, while Grindle's linear model treats implementation as a rigid administrative process initiated only after goals, programs, and funding are fixed. Mazmanian and Sabatier, meanwhile, identify variables such as problem complexity, policy structure, and political influence as critical to achieving formal objectives. Van Meter and Van Horn distinguish their framework by classifying policies based on the *scale of change required* and the *degree of stakeholder consensus*, arguing that minimal structural disruption and high agreement among actors optimize success. Their model views implementation as a forward-moving sequence of actions by public and private entities, avoiding retrospective policy revisions. This approach enables researchers to systematically evaluate questions such as the consistency of implementers' actions with policy mandates, the alignment of outcomes with goals over time, and the political or procedural factors shaping results. Unlike models focused on final impacts, Van Meter and Van Horn emphasize *performance tracking during implementation*, making their framework ideal for nascent policies like Batam's Free Trade Zone and Free Port (GPP), where outcomes remain emergent. By integrating external factors (e.g., socio-political dynamics) and fostering inter-organizational coordination, the model provides a structured yet adaptable tool for constructing implementation strategies tailored to Batam's unique investment landscape in the Riau Islands Province.

3. Methodology

This study employs a qualitative descriptive research methodology to investigate the implementation of Batam City's Free Trade Zone and Free Port policy, focusing on collaborative governance dynamics. By prioritizing depth and contextual understanding over statistical generalization, the research integrates primary and secondary data sources to capture nuanced insights. Primary data is gathered through in-depth interviews. The selection of key informants in this study utilizes a purposive sampling technique, a method grounded in specific criteria to ensure relevance and depth of data (Sugiyono, 2016). Informants are chosen based on their authority, expertise, or direct involvement in Batam City's Free Trade Zone and Free Port policy. This includes individuals or groups with decision-making power, access to critical policy information, vested interests in the policy's outcomes, or specialized knowledge of the subject. The informants are systematically categorized into three groups to capture multifaceted perspectives. First, local government representatives, such as policymakers and officials, provide insights into the formulation and strategic goals of the policy. These individuals hold the authority to shape and communicate the policy's framework. Second, implementing and supervisory bodies, exemplified by the Batam Development Agency (*Badan Pengusahaan Batam*), offer firsthand accounts of operational challenges, regulatory enforcement, and oversight mechanisms. Third, the policy's direct beneficiaries and supporting stakeholders—including community leaders, private sector representatives, NGOs, and academics—highlight grassroots impacts, socio-economic implications, and interdisciplinary viewpoints. Interviews are structured yet flexible, allowing participants to articulate their experiences and challenges freely. Complementing this, non-participant observation is conducted to document interactions and processes in their natural settings, avoiding researcher interference. Secondary data is drawn from policy documents, institutional reports, academic literature, and media archives to contextualize findings within historical and institutional frameworks. Data analysis follows Huberman and Miles' (2009) iterative model, progressing through four stages: systematic data collection, condensation into thematic codes, visual organization for pattern identification, and conclusion drawing through causal linkage. To ensure rigor, triangulation is applied, cross-verifying data across sources (e.g., policymakers, citizens, documents) and methods (interviews, observations, textual analysis). This approach not only validates findings but also highlights discrepancies between policy design and on-ground execution. By combining methodological flexibility with structured validation, the study provides a holistic, empirically grounded understanding of governance challenges and stakeholder dynamics in Batam's economic policy landscape, offering actionable insights for policymakers and scholars alike.

Table 3: List of Informan

No.	Informant	Total
I	Policy Makers	
1	Batam Free Trade Zone and Free Port Council	1
2	Batam City Regional House of Representatives (DPRD)	1
II	Policy Implementers	
3	Mayor/Head of BP Batam	1
4	Administration and Finance Division	1
5	Strategic Policy Division	1
6	Area Management and Investment Division	1
7	Business Division	1
III	Policy Targets	
8	Batam City Chamber of Commerce (Kadin)	2
9	Community/Community Leaders	4
10	Academics	1
	Grand Total	15

Source: Processed by the researcher, 2024.

4. Result and Discussion

4.1 Policy Implementation of the Free Trade Zone and Free Port in Batam City

4.1.1 Standards and Policy Objectives

The implementation of Batam's Free Trade Zone and Free Port policy hinges on clearly defined standards and objectives, which stakeholders unanimously recognize as pivotal to minimizing ambiguity and fostering alignment. Government Regulation No. 41 of 2021 (PP No. 41/2021) serves as the cornerstone of this framework, providing a robust legal foundation for institutional governance, streamlined licensing, asset optimization, and risk management. Interviews with key actors underscore the regulation's transformative impact: the Head of the Batam Development Agency (BP Batam) emphasized its role in positioning Batam as an international trade hub, while the Vice Chairman of Batam's Regional House of Representatives (DPRD) highlighted enhanced bureaucratic efficiency and infrastructure development. The Strategic Policy Division linked the policy's clarity to improved economic competitiveness and community benefits, a sentiment echoed by *Kadin Batam* (Chamber of Commerce), which noted increased investor confidence due to transparent licensing processes and reduced administrative hurdles. Private sector representatives stressed the importance of inclusive communication and regular policy socialization, ensuring businesses understand regulatory expectations. Academics lauded PP No. 41/2021 for its structured approach to risk mitigation, particularly in managing hazardous goods and enforcing compliance through sanctions. Collectively, stakeholders affirmed that the regulation's focus on institutional coordination, digitalized licensing systems, and strategic asset utilization has streamlined operations, attracting domestic and foreign investments. By addressing historical challenges like bureaucratic delays and fragmented governance, the policy not only accelerates Batam's economic growth but also solidifies its reputation as a secure and competitive global trade destination. This cohesive integration of legal rigor, stakeholder engagement, and operational efficiency exemplifies how clear standards and adaptive frameworks can drive successful policy implementation.

4.1.2 Policy Resource

The successful implementation of Batam's Free Trade Zone and Free Port policy is critically dependent on two interrelated factors: human resources (HR) and budgetary allocation. Human resources form the backbone of policy execution, requiring skilled, ethical, and motivated personnel to drive initiatives. Interviews reveal systemic challenges: the *Head of BP Batam* emphasized difficulties in recruiting individuals with high integrity, while the *Vice Chairman of DPRD Batam* linked adequate funding to the ability to attract and retain competent staff, noting that insufficient budgets undermine efforts to hire professionals who demand competitive incentives. *Kadin Batam* highlighted the importance of mental resilience among implementers, stressing that discipline and a positive mindset are essential for overcoming operational challenges. Meanwhile, the *private sector* underscored disparities in HR quality between public and private sectors, advocating for alignment to enhance service delivery and investment climates.

Budgetary constraints further exacerbate these challenges. The *Head of BP Batam* identified limited funds as a "classic issue" hindering infrastructure development and HR training, despite Batam's vast potential. The *Administration and Finance Division* elaborated on the strain of achieving targets with restricted budgets, necessitating creative fiscal management. These limitations align with Van Meter and Van Horn's (1975) assertion that organizational capacity—defined by staff competency and resource adequacy—is pivotal for policy success. Without sufficient financial resources, even well-designed policies risk stagnation, as seen in delayed projects and underdeveloped infrastructure.

In conclusion, Batam's policy outcomes hinge on harmonizing HR quality with robust funding. Addressing integrity gaps in recruitment, fostering mental fortitude among staff, and bridging public-private sector HR disparities are imperative. Simultaneously, strategic budget allocation and innovative financial practices are vital to overcoming operational bottlenecks. As Van Meter and Van Horn theorized, the interplay of skilled personnel and adequate resources remains non-negotiable for translating policy frameworks into tangible economic progress.

4.1.3 Characteristics of Implementing Agencies

One of the fundamental structural aspects of an organization, in addition to its organizational structure, is the existence of standard working procedures or Standard Operating Procedures (SOPs). SOPs are documents that outline the chronological steps required to complete specific tasks efficiently and cost-effectively. By implementing SOPs, agencies can better utilize available time, ensure uniformity in the actions of officials across complex and widespread organizations, enhance flexibility (enabling personnel transfers), and ensure consistency in policy enforcement (Winarno, 2002).

However, interviews with officials from the Batam Indonesia Free Zone Authority (BP Batam) revealed the absence of standardized SOPs specifically governing the management of the free trade and port zone in Batam. Instead, development in the area follows broader frameworks such as Government Regulations (PP) and the Master Plan for the Free Trade and Port Zone. While these provide overarching regulatory guidance, the lack of detailed operational guidelines can lead to uncertainty, reducing management efficiency and effectiveness.

The Business Development Division of BP Batam emphasized the importance of translating the Master Plan into detailed SOPs. Although the Master Plan outlines long-term vision and direction, the absence of specific SOPs can lead to inconsistent and uncoordinated implementation. Clear and structured SOPs would guide each stage of development, improve transparency and accountability, and reduce potential errors or deviations. SOPs would also align all actions with the Master Plan's objectives, making evaluation and oversight more effective.

From an academic perspective, the absence of SOPs indicates a lack of commitment and thorough planning in advancing the area. Despite goodwill from leadership and central government, actual policy implementation is often hindered by limited budgets, human resource constraints, and political dynamics. Academics argue that strong commitment and systematic planning—including clear SOPs—are essential to achieve meaningful progress.

Another major challenge in Batam's free trade and port zone management is the fragmentation of authority. This fragmentation refers to the division of responsibilities among multiple institutions—such as BP Batam, local governments, and central government agencies—with overlapping and sometimes conflicting mandates. This often leads to poor coordination, inconsistent decision-making, and delayed policy implementation.

Although there have been efforts to centralize authority under BP Batam, practical realities still show overlapping jurisdictions among various institutions. For example, decisions related to licensing or investor facilitation may involve multiple agencies with different procedures and standards. This situation causes administrative delays, duplications, and uncertainty for both public servants and investors.

Academics highlight that this institutional fragmentation hampers policy coherence and creates confusion. Vertical institutions (representing the central government) often pursue different agendas from local agencies or BP Batam, exacerbating coordination issues. To address this, a clearer delineation of authority, stronger interagency coordination, and an integrated policy framework are necessary. A unified SOP system would support these efforts by ensuring consistency, improving service delivery, and creating a more favorable investment climate.

In conclusion, effective management of the free trade and port zone in Batam requires both clear SOPs and improved institutional coordination. The absence of standardized operational procedures and the existence of fragmented authority contribute significantly to inefficiencies in implementation. Establishing structured SOPs and fostering better interagency coordination are crucial steps toward achieving the development goals of the region.

4.1.4 Inter-Organizational Communication and Implementation Activities.

Inter-organizational communication and the implementation of policies in the Free Trade Area and Free Port (KPBPB) of Batam face significant challenges in terms of effectiveness and consistency of information. In the context of policy implementation, clarity in standards and objectives is fundamental to ensure that implementers understand what needs to be achieved. Information provided to policy implementers must be consistent, accurate, and uniform, as discrepancies or inconsistencies in information can lead to conflicting interpretations, ultimately hindering the policy implementation process. From an interview with the Head of the Batam Free Trade Zone Authority (BP Batam), it was found that although various communication channels such as coordination meetings, discussion forums, and digital platforms are available, their use has not been optimized. Cross-sector coordination, especially between the central government, local government, and BP Batam, is often impeded by differences in priorities and understanding. The Head of BP Batam emphasized the importance of structured and directed communication, which should be proactive, not just during crises, to support synergy and efficient management of the area.

From the private sector's perspective, communication with the public sector is still sporadic, occurring mostly when there is an urgent need, such as for licensing or new policies. The lack of regular communication leads business actors to feel they are not receiving clear and up-to-date information, making it difficult to respond appropriately to regulatory changes. The private sector suggested the establishment of a more structured and consistent communication system so that they can plan their business more strategically and reduce uncertainty. On the other hand, an interview with the Deputy Chairman of the Regional House of Representatives (DPRD) revealed that communication between the legislature and the executive as well as BP Batam has not been intensive. Although the DPRD has been proactive in establishing communication, the low frequency of communication can hinder oversight and slow down decision-making processes. The Deputy Chairman of the DPRD emphasized the need for more frequent and high-quality policy communication between the executive and legislative branches to strengthen collaboration in policy planning and evaluation.

Information uniformity emerged as an important issue in the research findings. Disorganization in information delivery creates misperceptions among the stakeholders involved in managing the KPBPB, leading to barriers in policy implementation on the ground. Inconsistent information can lead to differing policy interpretations, disrupt coordination, and reduce the effectiveness of the policy. The Strategic Policy Department proposed strengthening an integrated communication system and delivering uniform information through official platforms accessible to all parties. This system is expected to provide up-to-date and accurate information, reduce misperceptions, and improve inter-agency coordination. This aligns with literature that highlights cross-sector coordination challenges due to differing priorities (Luckhurst, 2018) and cross-cultural communication barriers in managing free trade zones (Ndibe et al., 2024).

Overall, policy implementation activities in the Batam KPBPB involve efforts to create an environment conducive to investment, trade, and economic development. Policy goals such as increasing economic competitiveness, creating jobs, and developing infrastructure require effective communication and solid coordination among all stakeholders. Therefore, enhancing communication intensity across sectors, developing an integrated communication system, and delivering uniform and transparent information are essential foundations for successful policy implementation in the area.

Field data collection also revealed several key aspects in the implementation of the Free Trade Area and Free Port (KPBPB) policy in Batam, which involve several main activities that determine its success. First, the institutional aspect plays a vital role, with the establishment and strengthening of BP Batam as the managing agency for the area, which needs to have an efficient structure and good synergy between the central government, regional government, and the private sector. BP Batam also needs to strengthen its relationships with vertical institutions and the public to ensure that the policies implemented run smoothly without overlap. Second, licensing services are key to success, where streamlining procedures and implementing an electronic licensing system can expedite the licensing process, supporting a better investment climate. The Batam government has also developed an online licensing system, although evaluations show that accessibility in remote areas still needs improvement. Third, the management and utilization of Batam's assets, such as land and industrial facilities, must be done efficiently to increase local revenue (PAD) and support investment. BP Batam also plays an important role in managing these assets by providing incentives for investors. Fourth, adequate facilities are crucial to attract investors, with the development of port infrastructure and industrial zones as priorities. The Batam government also offers fiscal incentives such as tax reductions and subsidies to support investment. Fifth, the development of free trade zones and free ports must be carried out with principles of transparency, efficiency, and sustainability, involving the private sector and the public in the management. BP Batam continues to be committed to improving the quality of infrastructure in this area by providing incentives for investors. Finally, enforcing regulations and imposing firm sanctions are crucial to creating a conducive business climate, where violations of the rules must receive clear sanctions to increase the effectiveness of policies.

However, interviews with the community revealed dissatisfaction related to their lack of involvement in policy formulation, oversight, and evaluation of policy implementation. The community feels that the policies applied directly impact their lives, but their voices and aspirations are often not considered during the planning or evaluation stages. They emphasized the importance of active participation in the policymaking process to ensure that policies meet their social and economic needs. Additionally, the community wants a mechanism for oversight that involves them, such as open communication forums between the government and residents, allowing them to provide input, ask questions, and participate in policy evaluation. They also proposed involvement in direct monitoring of policies that have a direct impact on their lives, such as infrastructure development and job creation. With a more transparent and participatory approach, it is hoped that this policy will be more effective, responsive to the community's needs, and create mutual trust between the government and the public.

4.1.5 Social, Economic, and Political Environment

Political elites play a crucial role in ensuring the successful implementation of free trade and free port zone policies. They function as leaders who set the direction and priorities for these policies, overseeing everything from regulatory frameworks to the allocation of budgets necessary to support the development of these zones. With their significant power, political elites ensure that the policies are legally grounded and provide the required resources, such as funding for infrastructure development and human resource improvements. Furthermore, they facilitate coordination between various government agencies to address overlapping authorities and ensure smooth policy execution.

Their support is also vital in fostering a conducive investment climate. By offering stable political guarantees and clear policies, political elites can attract both domestic and foreign investors to the free trade zones. Moreover, they play a significant role in promoting public participation by conducting transparent policy socialization, which enhances public understanding and trust in the policies. Additionally, political elites are involved in the monitoring and evaluation processes to ensure that the policies are assessed and improved as needed, maximizing benefits for the regional economy and community.

Furthermore, political elites strengthen the collaboration between the public and private sectors. They create better communication channels, ensuring that the policies accommodate the interests of all stakeholders, including the government, businesses, and society. With strong backing from political elites, the implementation of free trade and free port zone policies can be effective, yielding positive outcomes such as economic growth, job creation, and improved public welfare.

Interviews with the Deputy Chairman of the Batam City Regional Representative Council (DPRD) revealed that political elites are fully supportive of the free trade and free port zone policies. They recognize the importance of these policies in accelerating regional economic growth and enhancing Batam's competitiveness on both national and international levels. The political elites view the free trade zones as a strategic move to attract investment, create jobs, and develop infrastructure that supports economic activities in Batam. They, along with the local government, are committed to ensuring the effective implementation of these policies. Their support is evident in their efforts to develop regulations and regional laws aligned with national policies and in prioritizing budget allocations that promote the development of these zones.

The Deputy Chairman also emphasized that political elites' support goes beyond policy and funding; it also involves strengthening coordination between various government agencies and the private sector. He pointed out that the success of the policy requires close collaboration among the executive, legislative, and private sectors to foster an investment-friendly environment. According to him, the elites' involvement also extends to ensuring that the policies deliver the maximum benefits for Batam's people.

Academics echo these views, noting that the political elites in Batam support the free trade and free port policies and share a common vision with national policymakers. This alignment is crucial for the smooth implementation of the policies, as both levels of government are committed to enhancing Batam's competitiveness. The coordination between national and local governments minimizes obstacles and overlaps in policy, ensuring that the development of free trade zones proceeds without significant disruption. The academic perspective also highlights that the consistent support from political elites provides stability and legal certainty, which is crucial for attracting investors.

In conclusion, the alignment between political elites at the national and local levels, with shared goals for Batam's economic growth, creates a promising environment for the success of the free trade and free port zone policies. The synergy between national and local policies is expected to lead to rapid economic development, establishing Batam as a competitive and efficient free trade hub globally.

Additionally, the private sector plays a vital role in the policy's implementation. As a primary economic driver, the private sector views the free trade and free port zone policies as a significant opportunity to expand markets, increase production capacity, and

enhance competitiveness in international markets. Their support includes direct investments, participation in infrastructure development, and partnerships in human resource development, all contributing to the smooth operation of the free trade zone. The private sector plays a crucial role in the successful implementation of the free trade zone and free port policy in Batam, as it is a key driver of the region's economy and an essential player in creating a conducive investment climate. From the private sector's perspective, this policy offers a significant opportunity to expand markets, increase production capacity, and enhance competitiveness in international markets. The support provided by the private sector is diverse, ranging from direct investments, participation in infrastructure development, to collaboration in human resources development, all of which contribute to the smooth operation of the free trade zone.

First, private sector support is primarily seen in the form of investments, particularly in sectors such as manufacturing, electronics, and logistics. These investments not only reduce production costs through fiscal incentives like tax exemptions but also boost production capacity, create new jobs, and strengthen the regional economy by increasing export volumes. In addition to investments, the private sector is actively involved in developing the infrastructure needed to support economic activities in the free trade zone, including contributing to the construction and management of ports and industrial zones. This collaboration with the local government and Batam's Free Trade Zone Authority (BP Batam) results in efficient and integrated infrastructure that accelerates trade processes and facilitates the flow of goods between Batam and international markets.

Furthermore, the private sector enhances the competitiveness of Batam's free trade zone through innovation and the adoption of the latest production technologies. With policies that promote ease of investment and reduce bureaucracy, private companies have more room to innovate and grow. They also collaborate with the local government to create training and educational programs aimed at improving the local workforce, ensuring that Batam remains a competitive industrial hub. Additionally, the private sector supports improvements in the licensing system and the reduction of bureaucratic barriers, helping create a more conducive business environment and facilitating the entry and growth of investments.

The private sector's involvement extends to social benefits, particularly through job creation. With continuous investments, many private companies open job opportunities across various sectors, thereby increasing local income and consumer purchasing power, which strengthens social welfare. Moreover, the private sector participates in the monitoring and evaluation of policies, providing valuable feedback based on their field experience. This collaboration ensures that policies remain relevant and effective in driving Batam's economic growth.

In summary, the private sector's support in implementing the Free Trade Zone and Free Port policy in Batam is essential in creating a sustainable and mutually beneficial economic ecosystem. As investors, infrastructure developers, and key players in enhancing competitiveness, the private sector helps accelerate the achievement of the policy's goals. Without strong private sector support, the free trade zone and free port policy would not fully realize its potential to benefit the regional economy, the community, and business operators.

Community support in the implementation of the Free Trade Zone and Free Port policy in Batam plays a crucial role in creating a conducive and sustainable ecosystem. The success of this policy depends not only on the government and private sector but also on the participation of the community, who directly feel the impact. The people of Batam can support this policy through increased awareness, participation, local economic empowerment, as well as policy oversight and evaluation.

First, raising awareness and community participation in supporting the Free Trade Zone policy is essential. With a good understanding, the community will be more open to changes such as infrastructure development and the growth of the industrial and trade sectors. Socialization involving the community can increase their involvement in government and private sector programs, while also providing space for them to offer constructive feedback on the policy.

Second, the community can enhance human resources (HR) quality to prepare for job opportunities arising from the policy. Improving skills will help the community compete in the rapidly growing labor market. Furthermore, local economic empowerment can be realized through small, medium, and large businesses driven by the private sector. The community can take advantage of the opportunities in the industrial and tourism sectors that are growing rapidly in Batam.

Third, the community can actively participate in policy oversight and evaluation to ensure its implementation is transparent and in line with existing regulations. Participation in the oversight process will help identify obstacles and provide constructive feedback for policy improvement.

Although there is support from the community, their involvement in policy formulation and oversight remains limited. Some people feel they are more often recipients of the policy's impact rather than active participants in decision-making. Therefore,

the local government is expected to involve the community more in every stage of the policy process to ensure that the policy aligns better with their needs and aspirations.

Overall, while the Free Trade Zone and Free Port policy has the potential to boost Batam's economy, its impact has not been evenly distributed. Many people have not felt direct benefits, such as improved quality of life and access to public services. Issues of coordination between institutions, human resource readiness, and technological infrastructure also pose challenges that must be addressed for the policy to be effective and deliver greater benefits to the people of Batam.

4.1.6 Disposition of Implementers

The findings of the study and data collection regarding the disposition of implementers of the Free Trade Zone and Free Port (KPBPB) in Batam City indicate that the success of policy implementation is highly influenced by the knowledge, understanding, and attitudes of the implementers. These policy implementers, including the Batam Indonesia Free Zone Authority (BP Batam) and other relevant institutions, play a crucial role in aligning the implementation of policies with established goals and standards. While they demonstrate a commitment to achieving these goals, various challenges still persist in the implementation process. On one hand, there are clear efforts by the implementers to create a conducive investment climate through efficient area management and simplified licensing procedures. On the other hand, limitations in budget and the availability of high-quality human resources (HR) remain significant obstacles. Infrastructure development and the need for professional and integrity-driven human capital are still not optimal. Furthermore, coordination among institutions, both vertically and horizontally, has yet to function effectively, leading to overlapping authorities and confusion in decision-making.

Public involvement in the policy formulation and oversight processes is also still minimal, despite the fact that public participation is essential to enhance policy effectiveness. The implementers acknowledge the need for socialization and participatory forums so that the community can actively engage in the policy process. In addition, the private sector is recognized as a key partner, and the implementers strive to support them through investment incentives, tax reductions, and other business-friendly policies. However, policy implementation also faces serious challenges in the form of conflicts of interest. These conflicts arise when policy actors who hold authority also have personal stakes, such as in land allocation, business permit issuance, and HR recruitment that is not based on merit. Practices of corruption and collusion between officials and businesspeople pose real threats that foster injustice and damage the investment climate.

Private sector actors with political connections often receive preferential treatment, creating inequalities in access to resources and business opportunities. This contributes to ambiguous governance and policy implementation, ultimately having a negative impact on economic growth and the welfare of Batam's citizens. The institutional dualism between the Batam City Government and BP Batam further exacerbates the existing conflicts of interest. In this context, implementers emphasize the importance of stringent oversight, fair and merit-based HR selection, as well as the strengthening of accountability and a culture of integrity within the bureaucracy. Periodic evaluations of policy achievements are continually carried out to ensure that the policies remain relevant to both global and local economic dynamics. With tighter regulations, increased transparency, and the application of good governance principles, it is hoped that the KPBPB policy in Batam will be implemented more effectively, delivering tangible benefits to the community and enhancing the region's economic competitiveness.

4.2. Supporting Factors and Inhibiting Factors

4.2.1 Supporting Factors

The implementation of the free trade zone and free port policy in Batam City has demonstrated the presence of several supporting factors that significantly contribute to creating a conducive investment climate and enhancing the region's economic competitiveness. A key factor behind the success of this policy is the existence of clear, consistent, and transparent regulations and policies. Government Regulation Number 41 of 2021 serves as a strong legal foundation for economic activities in Batam, providing legal certainty for investors in making investment decisions. This regulatory clarity and stability instill a sense of security among investors, as they are well-informed of their rights, obligations, and the risks involved. Moreover, support from both central and local governments plays an essential role. The central government provides fiscal and monetary incentives such as import duty exemptions and tax reductions, making Batam more competitive as an investment destination. At the local level, the Batam Indonesia Free Zone Authority (BP Batam) plays a strategic role in offering administrative support, oversight, and facilitating interactions between the public and private sectors, thereby fostering a synergistic environment for industrial development.

Political and security stability is another crucial factor that cannot be overlooked. Investors highly value stable and secure environments when choosing investment locations, and Batam is considered relatively stable both politically and socially, providing assurance for long-term investments. This stability allows investors to develop long-term business strategies without the fear of external disturbances that could jeopardize their operations. Furthermore, support from the private sector and local

business associations, such as the Batam Chamber of Commerce and Industry (Kadin Batam), also reinforces the implementation of this policy. The private sector not only benefits from the policy but also serves as a strategic partner to the government in promoting industrial zones, offering feedback on business needs, and providing valuable networks and information for potential investors. This close collaboration between the government and private sector helps establish a dynamic and competitive business ecosystem.

Overall, these four supporting factors—namely consistent regulations, government support, political and security stability, and private sector engagement—form a solid foundation for the successful implementation of the free trade and free port policy in Batam. The synergy among all stakeholders drives increased investment, which in turn positively impacts regional economic growth, job creation, and the overall welfare of the Batam community. By continuously strengthening these factors, Batam holds great potential to evolve into a highly competitive industrial and trade zone at both the national and international levels.

4.2.2 Inhibiting Factors

After discussing the various supporting factors that contribute to the success of implementing the free trade zone and free port policy in Batam City, it is equally important to identify the inhibiting factors that pose serious challenges in boosting investment. The implementation of this policy faces various obstacles stemming from institutional aspects, human resources, infrastructure, and community participation. One of the main barriers is the fragmentation of authority and weak coordination among institutions, particularly between the Batam Indonesia Free Zone Authority (BP Batam) and the Batam City Government. This dualism results in overlapping policies and legal uncertainty, which confuses investors and weakens the effectiveness of public services. Additionally, the bureaucracy remains complex and inefficient, prolonging the licensing process and creating administrative uncertainty for investors. Delays and lack of synchronization among agencies erode investor confidence and negatively affect the overall investment climate.

Furthermore, the limited availability of competent human resources is a significant challenge, as there is a shortage of workers with technical and managerial skills aligned with the needs of industries in the free trade zone. The mismatch between industrial demands and the competencies of local human resources highlights the need for synergy between government, businesses, and educational institutions. Another equally important obstacle is the limited supporting infrastructure, such as ports, transportation access, and logistic networks, which are not yet fully integrated. These conditions hinder the smooth distribution of goods and reduce Batam's competitiveness as a trade and investment hub.

Low public participation in policy formulation and monitoring also hampers implementation. A lack of socialization leads to resistance from local communities and business actors, ultimately affecting the effectiveness of the policy. In addition, budget constraints hinder the development of infrastructure and improvement of human resource quality—both of which are crucial for supporting the free trade zone. In the context of global competition, Batam also faces challenges from other free trade zones, both domestically and internationally, such as Singapore and Malaysia, which offer more attractive incentives and facilities for investors.

Overall, the complexity of these issues shows that the free trade zone and free port policy in Batam requires a more integrated approach, improved institutional governance, enhanced bureaucratic efficiency, strengthened human resource capacity, strategic infrastructure development, and increased involvement from communities and the business sector in order to attract optimal and sustainable investment.

4.3 Policy Implementation Model of Free Trade Zone and Free Port in Enhancing Investment in Batam City

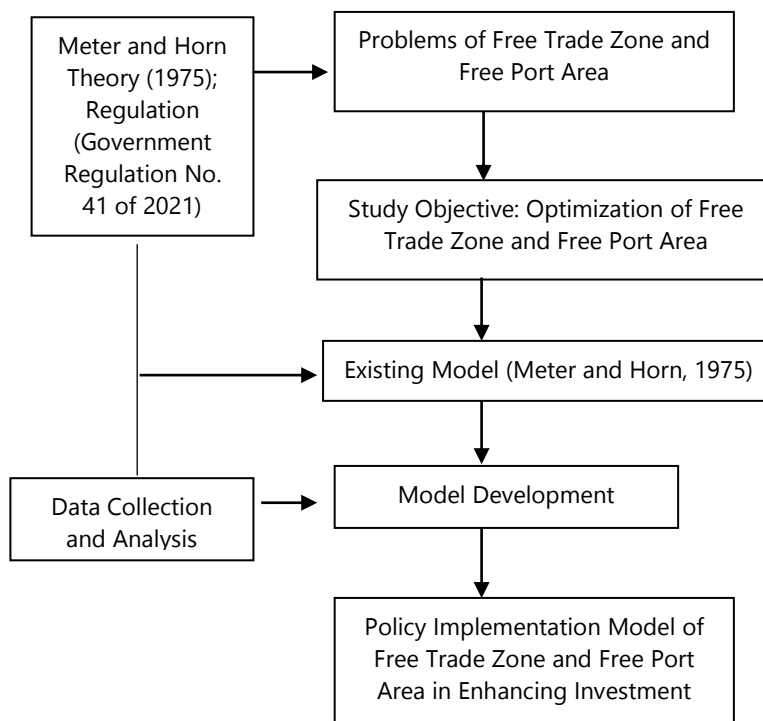
The formulation of the implementation model for the Free Trade Zone and Free Port policy in increasing investment in Batam City is a strategic step toward establishing governance of the free trade zone and free port that aligns with the principles of good and clean government. This formulation of the implementation model is crucial to create more efficient, effective, and transparent governance. Through a clear and structured model, it is expected to strengthen the application of good governance and clean government principles, encompassing aspects such as transparency, accountability, participation, and responsiveness at every stage of the policy.

A well-designed implementation model is expected to enhance Batam's competitiveness as an investment hub by providing clarity of objectives, simplifying licensing processes, and offering attractive incentives for investors. Moreover, the model aims to create an efficient bureaucracy, strengthen coordination among institutions and sectors, and increase transparency and accountability in managing the free trade zone and free port policies. The participation of the community and business actors is also essential, with effective communication channels to involve them in every stage of the policy. The ideal implementation model should also minimize the risk of corruption through stringent monitoring and audit systems, along with intensive socialization to ensure that all parties understand and support the policy. Lastly, enhancing human resources quality is a key

element to ensure successful implementation, emphasizing the importance of continuous training and competence development.

By formulating a structured and clear implementation model, it is hoped that various existing obstacles and challenges can be addressed, and Batam will become a successful and thriving free trade zone. Additionally, this model will ensure that policy implementation runs more systematically, fairly, and provides long-term benefits for investors, the community, and local governments.

Graphic 2. Stages of Developing the Implementation Model for Free Trade Zones and Free Ports Policy



As illustrated in the model development stages above, several issues can be identified in the initial stage of model formulation. Some of the challenges faced in the BBK (Batam-Bintan-Karimun) Free Trade Zone include the absence of a reliable business development model; a lack of an integrated supply chain; overlapping regulations and stakeholder interests; suboptimal transportation hubs, connectivity, and logistics systems; as well as other obstacles in licensing and customs mechanisms. These issues have resulted in the region's economic growth never returning to the 17% growth rate it once achieved (BP Batam, 2020). Meanwhile, findings from the analysis of the implementation of the free trade zone and free port policy, along with the supporting and inhibiting factors in Batam City, indicate that although the implementation has been fairly well carried out, it is still not optimal in boosting investment or in resolving the various problems and barriers faced in the management of the free trade zone and free port.

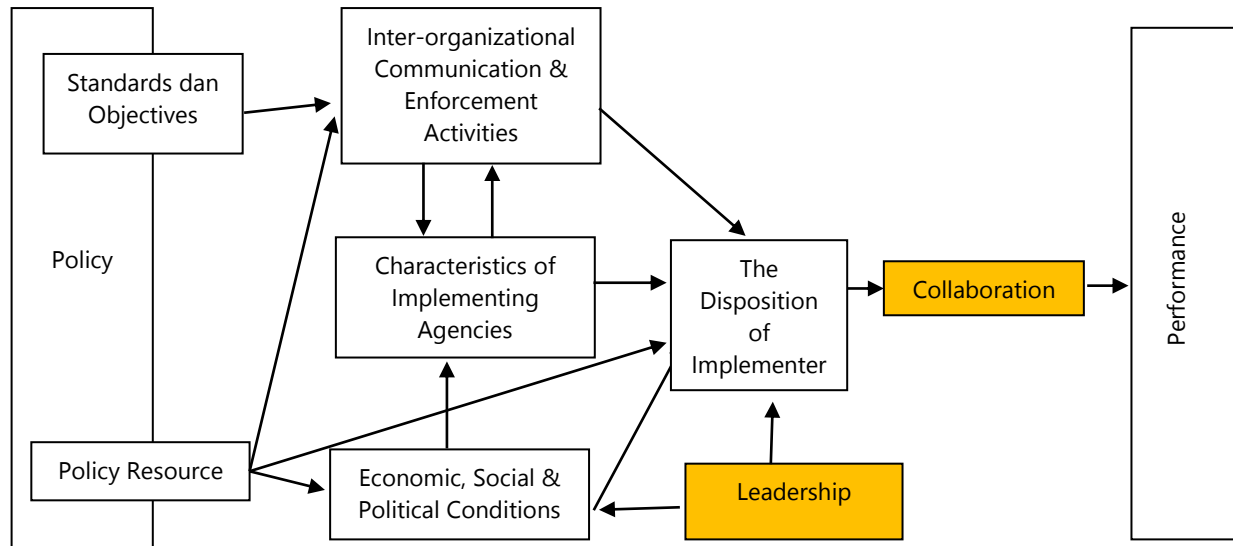
At the stage of identifying the study's objectives, as shown in Figure 4.3, it can be stated that the objective of developing a policy implementation model for the free trade zone and free port is to optimize the implementation of zone management, so it can enhance investment that contributes to public welfare, regional economic growth, and improved public services.

The implementation of the free trade zone and free port policy in Batam City, when viewed through the lens of the policy implementation model proposed by Meter and Horn (1975), can be considered as not yet optimal, as previously described.

While the implementation model developed by Meter and Horn (1975) is fundamentally relevant for analyzing and evaluating the policy of the free trade zone and free port, the substance and dimensions of this model have not been fully realized in the context of Batam City. This is due to the conditions and challenges previously outlined in the problem background. Therefore, there is a need to develop a model aimed at optimizing the management of the free trade zone and free port, which in turn is expected to increase investment, support regional economic growth, and improve the welfare of the community.

By referring to the Meter and Horn (1975) model and the results of the policy implementation analysis along with its supporting and inhibiting factors, the researcher has developed the following model as presented in the next figure:

Graphic 3: Policy Implementation Model of the Free Trade Zone and Free Port in Enhancing Investment



Source: Processed by the researcher, 2025

As illustrated in the figure, the policy implementation model developed from Meter and Horn's (1975) policy implementation theory—with the addition of leadership and collaboration dimensions—holds significant potential to strengthen the effectiveness of policy implementation, particularly in the context of the Free Trade Zone and Free Port policy in Batam City.

The model depicts the interaction among dimensions through directional arrows, where policy standards and objectives can stimulate effective inter-organizational communication and execution activities. Communication flows and implementation activities, as well as the sociopolitical and economic environment and implementers' attitudes, are driven by the availability of adequate resources. Similarly, the characteristics of implementing agencies can influence or be influenced by communication and implementation activities. The environmental dimension also contributes to shaping the characteristics of implementing agencies.

The researcher's novelty in this model lies in the assertion that strong leadership is essential to foster positive changes in the socio-economic and political environment and to encourage favorable implementer attitudes. Ultimately, the interconnected dimensions culminate in collaboration, which aims to improve the performance of policy implementation.

This model adapts an established theoretical foundation by integrating new, highly relevant elements to enhance governance and support the achievement of policy objectives in a more holistic and integrated manner. The inclusion of leadership and collaboration dimensions is crucial, given the complexity of policy implementation that involves multiple actors and the challenges faced in developing free trade zones.

The Free Trade Zone and Free Port policy implementation model is developed with consideration of two key dimensions: leadership and collaboration. The leadership dimension is considered vital because visionary, transformative, and inspiring leaders greatly influence the effectiveness of public policy implementation (Peters, 1998; Bass & Riggio, 2006; Northouse, 2015). Such leadership is not only required for administrative management but also for unifying the vision of various stakeholders and fostering innovation in addressing implementation challenges.

Additionally, the collaboration dimension is deemed important because this policy involves numerous actors from the public sector, private sector, and civil society. Thus, synergy is needed to reduce the fragmentation of authority and enhance coordination (Meter and Horn, 1975; Edelenbos & Klijn, 2006; Goldsmith & Kettl, 2009; Peters, 2003; Börzel & Risse, 2010). Intensive collaboration enables information exchange, joint problem-solving, and inclusive decision-making, which all strengthen policy success.

The incorporation of leadership and collaboration dimensions provides significant novelty to this policy implementation model, creating a more holistic and contextual approach. While the Meter and Horn (1975) model focuses on more technical and

administrative factors in policy implementation, the evolving complexity of public policy requires attention to not only procedural aspects but also to sociopolitical elements involving multi-party interactions.

This innovation allows the model to serve not just as an administrative tool, but also as a mechanism to foster synergy between public and private sectors and enhance public participation at every stage of the policy process. The emphasized leadership dimension ensures that decision-makers do not only pursue administrative targets but also build stronger stakeholder relationships, reinforce public-private partnerships, and ensure the sustainability of policies.

Moreover, the collaboration dimension helps build greater trust between government and the private sector, which can accelerate investment processes and promote sustainable economic growth. By involving multiple parties in the policy implementation process, the likelihood of policy success increases, supported by a shared sense of ownership and responsibility among stakeholders.

This is in line with the assertion that there is a strong relationship between leadership, good governance, and public policy implementation, emphasizing the importance of involving various actors in the policy process and how collaboration can drive policy success, particularly in the context of economic growth and investment (Denhardt & Denhardt, 2000).

In Batam—a region marked by high economic and social dynamics—the formulation of this model is expected to address the various challenges faced in implementing the Free Trade Zone and Free Port policy. The leadership dimension ensures that the local government and the Batam Indonesia Free Zone Authority (BP Batam) can move in a clear and strategic direction, while the collaboration dimension ensures active participation from the private sector, the community, and other relevant sectors in supporting the policy.

The positive impact resulting from collaboration between the government and the private sector in enhancing investment and economic growth is highly relevant to the Free Trade Zone and Free Port policy in Batam. In this context, synergy between public and private sectors can accelerate policy implementation (Munnell, 2007).

By integrating these two dimensions, the policy implementation model becomes more adaptive, responsive to changes, and capable of creating a mutually supportive ecosystem among the public sector, private sector, and society. This is expected not only to boost investment in Batam but also to foster inclusive and sustainable economic growth. Overall, the inclusion of leadership and collaboration dimensions in this policy implementation model provides a clearer direction, strengthens cross-sector partnerships, and helps create policies that are not only effective in the short term but also sustainable over the long run.

Theoretically, the inclusion of leadership and collaboration dimensions in the policy implementation model for the Free Trade Zone and Free Port in Batam contributes significantly to the advancement of public policy implementation theory. This model expands and refines existing policy implementation theories, such as the one developed by Meter and Horn (1975), by integrating two essential new elements. The adoption of leadership and collaboration dimensions highlights the importance of sociopolitical factors in the success of policy implementation—factors that are often underemphasized in classical models that focus more on procedural and administrative aspects.

Leadership, as a key element in the policy implementation process, functions not only as a guide and administrative manager but also as an agent of change capable of mobilizing various actors involved in policy implementation. This supports the theory that effective leadership can significantly influence the success of public policies (Peters, 1998). Transformational leadership—which can clearly articulate the policy's vision and mission and inspire all parties to collaborate—becomes a crucial aspect of sustainable policy development.

Collaboration, on the other hand, enriches the understanding of how different parties—public sector, private sector, and society—can interact more dynamically and effectively in supporting policy implementation. The addition of collaboration as a new dimension demonstrates that policy implementation is not a linear process carried out by a single entity, but rather a collective effort involving multiple actors with shared goals. This model supports findings by Goldsmith and Kettl (2009), which argue that collaboration between the public and private sectors can create a conducive environment for economic growth and policy success.

Overall, the inclusion of these two dimensions enhances theoretical understanding of how public policies can be implemented more holistically and effectively by giving greater attention to leadership and inter-sectoral cooperation. In the context of Batam—an area with high social and economic dynamics—this model is expected to overcome various implementation challenges of the Free Trade Zone and Free Port policy and support the achievement of policy objectives in a more holistic and

sustainable manner. Improved policy implementation and strong synergy among stakeholders will create a more conducive investment climate, which in turn will boost economic growth in Batam.

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