

# Content And Context Analysis Implementation Of The Mandalika Special Economic Zone Policy: Socio-Financial and Accounting Practice Perspective

Khairur Raziqin<sup>1</sup>, Agus Suryono<sup>2</sup>, Tjahjanulin Domai<sup>3</sup>

<sup>\*1,2,3</sup> Public Administration Study Program, Faculty of Administrative Sciences  
Brawijaya University Malang

Email:

[iqinbima@gmail.com](mailto:iqinbima@gmail.com)

Received: January 14, 2024, Revised: June 18, 2024, Accepted: June 30, 2024

## Abstract

This study investigates the implementation of the Special Economic Zone (SEZ) policy in Mandalika with a focus on policy content, implementation context, and its impacts, utilizing Grindle's policy implementation theory (1980). The findings indicate that the Mandalika SEZ has broad objectives to enhance the regional economy through tourism development. While it aims to increase tourist arrivals and create job opportunities, its implementation faces challenges such as land disputes, community participation, and infrastructure development. Nevertheless, the policy has yielded positive impacts such as local economic growth and increased tourist visits, albeit not uniformly experienced by all residents. The research methodology employed a qualitative descriptive approach with data collected through purposive sampling, including observation, interviews, and document analysis. Data analysis utilized Miles and Huberman's method to identify patterns and key findings.

**Keywords:** Policy Implementation, Special Economic Zone

DOI: <https://doi.org/10.57178/atestasi.v7i2.866>

p-ISSN: 2621-1963

e-ISSN: 2621-1505

© Copyright: ATESTASI: Jurnal Ilmiah Akuntansi (2024)

This is an Open Access article distributed under the terms of the Creative Commons Attribution 4.0 International License. Site Using OJS 3 PKP Optimized.

## Introduction

One of the primary aspirations of the Indonesian people is the realization of equitable economic development across the entire country. Currently, development tends to be concentrated in certain areas, while other regions lag in their progress. Presidential Regulation No. 63 of 2020 concerning the Designation of Underdeveloped Regions for the Years 2020-2024 highlights the ongoing issue, noting that 62 regions are still classified as underdeveloped. Therefore, the government faces the challenging task of formulating effective policies to address these economic disparities.

Economic inequality, according to Sjafrizal (1997) in Rizalsan & Juwono (2020), typically arises due to variations in regional conditions, such as demographic factors and the availability of natural resources. This results in areas that have experienced economic development and areas that are still in the early stages of development. To address this, the government formulated the Masterplan for the Acceleration and Expansion of Indonesia's Economic Development 2011-2025 (MP3EI). One of the

strategies in MP3EI is to develop potential economic corridors spread throughout Indonesia, leveraging the unique advantages of each region. In this context, Special Economic Zones (SEZs) have become one of the policy instruments to accelerate national economic growth. SEZs are aimed at developing economic corridors with geo-economic and geostrategic advantages, focusing on industrial activities, international trade, and other high-potential economic sectors. This policy aligns with Law No. 39 of 2009 on Special Economic Zones.

The province of West Nusa Tenggara has the Mandalika SEZ, designated as a tourism SEZ. This zone is located in Pujut Subdistrict, Central Lombok Regency, covering an area of 1,035.67 hectares. Mandalika was selected as an SEZ due to its tourism potential, including beautiful beaches, natural attractions, and unique cultural aspects. The development of the Mandalika SEZ aims to boost regional economic growth, create job opportunities, and channel industrial and tourism activities.

However, the development process of the Mandalika SEZ faces several challenges. Land use conflicts and land disputes are major obstacles. Additionally, the development relies on loans from international institutions, raising concerns about debt repayment. Local community opposition to the development is also a significant issue. Using Grindle's (1980) Policy Implementation Theory, this study will evaluate the success of the Mandalika SEZ implementation in terms of policy content, implementation context, and its impact on the local community.

## Literature Review

### *Public Policy*

According to Subarsono (2010), public policy encompasses various sectors of development, such as education, tourism, transportation, and agriculture. These policies can be national, regional, or local and are implemented through laws, government regulations, provincial regulations, district/city regulations, and decisions by district heads/mayors. Subarsono (2010) also describes public policy as a series of actions undertaken by the government in specific areas. Agustino (2008) defines public policy as choices made by officials or government institutions in certain domains. Meanwhile, Heinz Eulau and Kenneth Prewitt (in Agustino, 2008) state that public policy is a consistent and repeated decision, followed by the behavior of the policymakers and those who comply with it. This definition aligns with Thomas Dye's view that public policy is whatever the government chooses to do or not to do. Mustari (2015) sees public policy as the government's authority in carrying out its duties and functions in relation to society and the business world. This understanding emphasizes that government policies are intended for the public interest. The policy formulation process begins with identifying problems and aims to address them (Mustari, 2015). Many scholars, such as Jones (1984) and Anderson (1979) (in Mustari, 2015), note that the term "policy" is often misunderstood as different activities or decisions. However, generally, public policy refers to the actions of an actor or a number of actors within an organization in a specific field of activity. Based on the views of Jenkins (1978) and Easton (1965), public policy encompasses interrelated decisions aimed at achieving specific objectives within a particular context, under the authority of decision-makers. Taufiqurakhman (2014) adds that public policy can take the form of laws, government regulations, or local regulations that must be adhered to by society. Summarizing the views of various experts, public policy can be concluded as the course of action taken by the government to achieve certain goals and address issues within a specific scope.

### *Policy Implementation*

Policy implementation is the next step after policy formulation, where individuals, officials, or groups from both the public and private sectors take action to achieve the goals set in the policy (Wahab, 2014). Dunn (2003) explains that policy implementation includes the execution and control of actions over time, emphasizing that it is a practical activity compared to the theoretical nature of policy formulation. The impact of a new policy will only become apparent after its implementation, making the

implementation process a crucial stage in the overall policy process, where success in achieving policy objectives is largely determined by how the implementation is carried out (Jones, 1996 in Mustari, 2015).

Grindle (1980) developed one of the second-generation public policy implementation models, describing policy implementation as a political and administrative process. According to Grindle, the success of policy implementation is influenced by two main factors: the content of the policy and the context of its implementation. The content of the policy includes several key aspects. First, the interests affected by the policy, which determine the extent to which the target group's interests are included in the policy. Second, the types of benefits generated, which encompass the various benefits received by the target group. Third, the degree of change desired, indicating the extent of the changes expected from the policy. Fourth, the location of decision-making, which determines where program decisions are made. Fifth, the implementers of the program, assessing whether the desired program has been included in the policy and explained in detail. And sixth, the resources deployed, questioning whether the program is supported by adequate resources, including human resources. Meanwhile, the implementation environment also has several important aspects. First, the power, interests, and strategies of the actors involved, including the extent of power, interests, and strategies possessed by the parties involved in policy implementation. Second, the characteristics of institutions and authorities, indicating how the characteristics of an institution can influence policy. And third, compliance and responsiveness, highlighting the extent of compliance and response from implementers in addressing a policy. By considering these factors holistically, it is possible to identify the factors influencing the success of public policy implementation.

### *Special Economic Zones*

The Indonesian government has initiated a regional strategy to enhance export performance, attract investment, and promote economic growth through the development of Special Economic Zones (SEZs). Initially starting with the establishment of Free Trade and Free Port Zones (KPBPB) in 1970, SEZs have become an alternative solution to address the challenges of Indonesia's investment and business climate (Damuri, et al., 2015). The term SEZ refers to various types of commercial areas, ranging from factories in Maquiladora, Mexico, to entire cities like Shenzhen. This concept was inspired by the first free commercial zone in Shannon, Ireland, in 1959 (Akinci & Crittle, 2008). SEZs play a crucial role in the policy framework for expanding export industries and promoting economic growth. They are viewed as an important strategy in an era of growth policies emphasizing exports. However, according to neoclassical economic theory, SEZs are still considered a "second-best" policy that requires subsidies and incentives for companies and investors (Cling & Letilly, 2001). In practical terms, SEZs have several important functions. First, they serve as a tool for increasing employment, especially in labor-intensive industries. SEZs are also seen as a mechanism to reduce economic pressure and facilitate growth in countries with limited populations. Second, SEZs contribute to human resource development by providing training to workers, increasing income, and improving education standards. Additionally, SEZs encourage the transfer of technology and knowledge from foreign capital. Finally, SEZs offer opportunities for domestic companies to learn from foreign firms, create backward linkages, and enhance technological production sustainably (Akinci & Crittle, 2008). Thus, SEZs are an important instrument in regional economic development strategies, aiming to create an environment that supports economic growth, job creation, and technology transfer.

### **Research Method**

This study utilizes a descriptive research design with a qualitative approach to gain a deep understanding of the implementation context and impact of the policy. A qualitative approach is chosen because it allows researchers to explore various dimensions and perspectives related to the research topic. The primary data source is derived from primary data obtained directly from participants through

interviews, as well as secondary data taken from official documents related to the policy and relevant contexts. A descriptive approach is employed to present the characteristics, conditions, and phenomena related to policy implementation and its impact.

In analyzing the data, this research employs the Miles Huberman analysis technique (Miles et al., 2014), which includes data reduction, data display, and conclusion drawing. Data reduction is performed by identifying and organizing relevant data, as well as narrowing the research focus. Data display is conducted by organizing and presenting data in understandable and analyzable forms. Conclusion drawing involves interpreting the presented data to identify emerging patterns or themes and linking them to relevant theory and literature.

The data collection techniques used include interviews, documentation, and observation. Interviews are conducted to gain in-depth understanding from various perspectives related to policy implementation and its impact, while documentation is used to collect secondary data from official documents and related literature. Observation is also conducted to obtain direct understanding of situations or contexts related to this research. By utilizing these various data collection techniques, this research aims to provide a comprehensive overview of policy implementation and its impact on the community in the Mandalika Special Economic Zone.

## Result and Discussion

### *Policy Content*

Based on Grindle's (1980) theory, policy content is one of the factors that can influence the successful implementation of a policy. Policy content refers to the substance of the policy adopted by the government, encompassing what the government or related parties will or will not do to achieve the policy's objectives. In the context of the Mandalika SEZ (Special Economic Zone) policy, policy content refers to the substance of the policies implemented in the Mandalika area. This section aims to examine the existing policy content in the Mandalika SEZ based on the focus of previous research. The following are six points of policy content that will be presented to assess the success of the Mandalika SEZ policy implementation:

### *Interests Fulfilled*

The policy of the Mandalika Special Economic Zone (SEZ), as outlined in Government Regulation No. 52 of 2014, aims to strengthen the economy of Central Lombok and boost national economic growth through the development of the tourism sector. The Mandalika SEZ has significant potential in tourism, driven by the interests of both central and local governments to make it a premier international tourist destination. The Indonesia Tourism Development Corporation (ITDC) plays a crucial role in managing and developing Mandalika according to its mandate. The interests of investors in the Mandalika SEZ are also significant, as they support the development of infrastructure and tourism facilities that can enhance the area's appeal as an international tourist destination. However, it is important to note that some local communities are directly affected by this policy. Therefore, it is essential for the government and the managers of the Mandalika SEZ to consider their interests and provide fair solutions, including compensation for their land and relocation assistance if necessary. Despite the diverse interests involved in the Mandalika SEZ, this policy has been implemented with consideration for all stakeholders, supporting regional economic development and providing sustainable benefits to all involved parties.

### *Benefits Generated*

The Mandalika SEZ policy has brought significant benefits to the local community and economy. Inspired by Grindle's theory, this policy is designed to provide direct benefits to the community, aligning with the established policy goals. With the support of various tourism facilities and infrastructure

development, the Mandalika SEZ has created a multiplier effect on local business growth, provided new job opportunities, and improved the welfare of the local community. However, there are still challenges to overcome, such as a high dependence on major events to boost tourist visits. The importance of developing SMEs within the Mandalika SEZ is also evident. Many SMEs have been established thanks to this policy, providing their own land within the SEZ to facilitate business activities. Partnerships with large companies also offer opportunities for SMEs to grow and increase their profits. The establishment of SMEs and the absorption of local labor are positive steps in strengthening the regional economy. Although the Mandalika SEZ has provided significant benefits, challenges remain in increasing tourist visits and creating more stable job opportunities. Activities in the area are still highly dependent on major events, and labor absorption is still far from the expected target. Therefore, although still in the development stage, the Mandalika SEZ has shown great potential in bringing welfare and prosperity to the region.

#### *Desired Changes*

Grindle, as cited in Subarsono (2006), emphasizes the importance of determining the desired degree of change in policy implementation as a success parameter. This allows for proper evaluation of the achievement of policy goals and the extent to which the policy has been realized. The Mandalika SEZ policy, for example, has clear objectives to enhance the local economy and improve the quality of life for the local community, as well as attract significant investments to strengthen the tourism sector. The desired changes in the Mandalika SEZ include regional economic improvement, secure employment, and investments supporting infrastructure development. This policy also aims to create a multiplier effect around Mandalika and make Lombok an internationally recognized premier tourist destination. Although the Mandalika SEZ has shown significant progress in attracting investments and international events, challenges still exist, including dependence on major events to increase tourist visits and seasonal employment. However, the improvement of infrastructure and Mandalika's attractiveness as a tourism destination show good progress in implementing this policy.

#### *Decision-Making Location*

Decision-making is a key factor in public policy implementation, including in the context of the Mandalika SEZ. Regulated by Government Regulation No. 40 of 2021, the institutional structure of the policy involves the central government, local governments, and ITDC as the Managing and Developing Business Entity. The central and local governments provide policy support, while ITDC has a central role in designing and implementing the development of the Mandalika SEZ. This institutional structure ensures efficient coordination between various actors involved in the development of the Mandalika SEZ. The Mandalika SEZ Administrator also plays an important role in assisting ITDC with licensing and other administrative aspects. However, alignment of vision and collaboration between the involved actors need to be enhanced to ensure effective policy implementation and the long-term success of the Mandalika SEZ. Criticism may arise regarding the potential complexity of bureaucracy and challenges in aligning the visions and missions of all involved parties. Nonetheless, the Mandalika SEZ policy shows good coordination among various parties and a clear institutional structure supporting the development of the area. In this context, careful evaluation of the decision-making process can help improve policy implementation effectiveness and achieve the long-term goals of the Mandalika SEZ.

#### *Program Implementers*

Program implementers play a crucial role in the implementation of the Mandalika SEZ policy, and their competence is key to success. Grindle's theory, as cited in Subarsono (2006), emphasizes that successful policy implementation depends on the skills and competencies of the program implementers. In the context of the Mandalika SEZ, program implementers come from various parties, including the central government, local governments, and ITDC as the managing business entity. The central and local



governments provide policy support and financial resources, while ITDC is responsible for managing and developing the Mandalika SEZ. These program implementers have competencies relevant to the needs of tourism sector development, aligning with the goals of the Mandalika SEZ. From the central to the local level, various agencies and institutions are involved in supporting the implementation of this policy through activities, budget support, or human resource training. Massive support from the central and local governments has helped build a strong foundation for the success of the Mandalika SEZ, while ITDC, with its experience in developing Nusa Dua, Bali, contributes significantly. The main challenge faced by program implementers is maintaining effective collaboration between the various involved parties. Differences in interests and priorities between the central government, local governments, and ITDC can be a source of potential conflict or obstacles in policy implementation. Therefore, transparent communication and good coordination are essential to maintaining alignment and ensuring all parties work towards common goals.

### *Resources*

The success of the Mandalika SEZ policy heavily depends on effective resource management, including budget, human resources, and infrastructure. The budget used for the development of the Mandalika SEZ primarily comes from loans, approximately 78.5% of the total budget, with the remainder from the state budget (APBN). While these loans enable project development, excessive use can increase the country's debt risk, especially if the project outcomes do not meet expectations. Concerns arise about the potential increase in the national debt burden if the Mandalika SEZ does not deliver the expected results. The negative impact could affect the economy and increase the debt burden. Additionally, a budget allocation too focused on one project like this could reduce the financial resources available for the development of other regions. However, the Mandalika SEZ policy also emphasizes the importance of human resource preparation through extensive training in the area. This aims to enhance the skills of the local workforce to contribute to the development of the area and the burgeoning tourism industry. This training is crucial to ensure the sustainability of the project and long-term benefits for the local community.

### *Implementation Environment*

Based on Grindle's (1980) policy implementation theory, the implementation environment is one of the factors that influence the successful implementation of a policy. The implementation environment refers to the conditions and factors that affect the execution of public policy in the field, such as the power, interests, and strategies of the actors involved, the characteristics of institutions and authorities, as well as compliance and responsiveness. If the implementation environment is less supportive or there are significant obstacles, the execution of the policy may become difficult or even fail to achieve the desired objectives. The implementation environment of the Mandalika SEZ policy aims to examine three important factors according to the policy focus, which are intended to assess the success of the Mandalika SEZ policy. The following are three points within the implementation environment of the Mandalika SEZ:

#### *Power, Interests, and Strategies of Involved Actors*

In the implementation of the Mandalika SEZ policy, it is crucial to consider the power, interests, and strategies of the actors involved. Power refers to the ability of actors to influence policy direction by mobilizing available resources. In the midst of national strategic projects such as the Mandalika SEZ, the involved actors wield significant power in driving the success of the policy. Among them are the central government through relevant ministries such as the Ministry of State-Owned Enterprises and the Ministry of Tourism, as well as investors who inject capital into the area. The support from various parties reflects their respective interests in the Mandalika SEZ project. The government focuses on

tourism development to boost the economy and improve human resources' quality in the local area, while ITDC and investors are oriented towards financial gains from the tourism project. Each actor develops its strategies to achieve their goals, ranging from branding Mandalika as an international tourist destination to empowering the local community through training and involvement in the tourism industry. Although this collaboration is crucial for driving Mandalika SEZ development, there are challenges to overcome to ensure long-term success. The diverse interests of these actors can sometimes conflict, especially if there is domination of corporate or government interests that disadvantage the local community. Therefore, the developed strategies must be implemented carefully to ensure long-term positive impacts for all involved parties.

#### *Characteristics of Institutions and Authorities*

The characteristics of institutions and authorities play a central role in the success of policy implementation, especially in the context of the Mandalika SEZ. This includes effective leadership, good governance, and the ability to manage large projects transparently and efficiently. A supportive institutional environment and favorable regime provide a crucial foundation for the success of the Mandalika SEZ, with political support, efficient administration, and synergy between institutions and sectors. Collaboration between the central government, local governments, and the local community is key to ensuring project smoothness and meeting local needs. Financial support and infrastructure development from the central government, as well as active participation of the community in training and socialization, all contribute to the success of the Mandalika SEZ. Additionally, ITDC's characteristics as an experienced state-owned enterprise in tourism are essential factors in attracting investors and organizing major international events, demonstrating capabilities and reputation in managing large-scale tourism projects. With a combination of these factors and sustained support from all involved parties, the Mandalika SEZ has great potential to become a premier tourism destination supporting the local economy and providing long-term benefits to the community.

#### *Compliance and Responsiveness*

The implementation of the Mandalika SEZ policy highlights the importance of compliance and responsiveness from policy implementers. Compliance with applicable rules and regulations is the foundation of project integrity and sustainability, while rapid responsiveness to issues helps maintain the smoothness of the development process. According to Grindle, the compliance and responsiveness of policy implementers are crucial factors in policy implementation success, while non-compliance can lead to policy failure and even corruption. Therefore, it is essential for all involved parties to understand relevant rules and regulations and apply them carefully. Every activity in the Mandalika SEZ must comply with regulations and provisions, including permits, environmental management, and safety standards. Transparency and accountability in decision-making are crucial to ensure that the steps taken support policy success. Coordination between involved institutions, such as ITDC, the Regional Council, and the National Council, is also important to ensure that all development activities are within legal and policy boundaries, while allowing direct supervision from relevant parties. Although ITDC has shown responsiveness in resolving issues that arise during the development of the Mandalika SEZ, observations indicate that coordination between local governments and ITDC is still less intensive, especially when new policies are issued. Stronger coordination is needed at all stages of policy implementation to ensure alignment in the development process. Efforts to improve communication and cooperation between all involved parties will support the success of the Mandalika SEZ policy implementation, thus providing maximum benefits for regional development and the local community.

## Conclusion

The Mandalika SEZ policy has successfully accommodated various interests related to tourism area development, including the government's interests in creating economic growth and job opportunities, as well as the community's interests in increasing income and public infrastructure. However, despite significant benefits being realized, the desired changes in the development of the Mandalika SEZ are still not fully achieved, especially regarding stable job increases and optimal infrastructure development. Coordinated decision-making between ITDC and the government plays a crucial role in implementing this policy, but challenges related to resource management remain a primary concern. In the context of implementing the Mandalika SEZ policy, the power, interests, and strategies of the involved actors play a central role. The strategies used by each actor reflect efforts to achieve various goals, ranging from economic development to tourism enhancement. However, the challenge lies in maintaining coordination and consistency among different interests and strategies. The characteristics of institutions and authorities are also crucial factors in the implementation of the Mandalika SEZ policy. A supportive institutional environment facilitates policy implementation, but strong coordination between these institutions is necessary for smooth implementation. Additionally, responsiveness to local dynamics and community needs is key to adapting strategies and policies. Compliance and responsiveness in implementing the Mandalika SEZ policy are crucial for success. Compliance with rules and regulations ensures that implementation proceeds as planned, while responsiveness to emerging issues is an indicator of success in addressing dynamics in the Mandalika SEZ area. Thus, the success of implementing this policy will largely depend on how well the involved actors understand, adapt to, and respond to various contexts and challenges.

## Reference

- Agustino, L. 2008. *Dasar-dasar kebijakan publik*. Bandung: alfabeta.
- Akinci, G. & Crittle, J. 2008. Special Economic Zones: Performance, Lessons Learned, and Implications for Zone Development, Foreign Investment Advisory Service (FIAS) Occasional Paper. *World Bank: Washington, D.C*
- Cling, J.P. & Letilly, G. 2001. Export Processing Zones: A Threatened Instrument for Global Economy Insertion? Working Paper DT 2001-17. *Paris Development et Insertion International (DIAL): Paris*.
- Damuri, Y. R., Christian, D., & Atje, R. 2015. *Kawasan ekonomi khusus dan strategis di Indonesia: Tinjauan atas peluang dan permasalahan*. Yogyakarta: PT. Kanisius
- Dunn, William N. 2003. *Public Policy Analysis: An Introduction*, New Jersey: Pearson Education. (penerjemah). 1999. "Pengantar Analisis Kebijakan Publik". Yogyakarta: Gadjah Mada University Press
- Grindle, M. S. 1980. Politics and policy implementation in the Third World . Princeton Legacy Library Edition 2017.
- Mustari, N. 2015. *Pemahaman Kebijakan Publik (Formulasi, Implementasi dan Evaluasi Kebijakan Publik)*. Yogyakarta: Leutika Prio
- Rizalsan, A. & Juwono, V. 2020. Implementasi Kebijakan Pengembangan Kawasan EKonomi Khusus Tanjung Kelayang. *Jurnal Borneo Administrator*, 16(2), 159-178.
- Subarsono. 2006. *Analisis Kebijakan Publik Konsep Teori dan Aplikasi*. Yogyakarta: Pustaka Pelajar.
- Taufiqurakhman. (2014). *Kebijakan Publik*. Jakarta Pusat : Fakultas Ilmu Sosial dan Ilmu Politik Universitas Moestopo Beragama (Pers).
- Wahab, S. A. 2002. *Analisis Kebijaksanaan, dari Formulasi Ke Implementasi Kebijaksanaan Negara*. Jakarta: Bumi Aksara.