


Optimizing Regional Governance in Batam City Government-Business Entity Institutional Dualism

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Abstract

Introduction: The development of special areas of Batam began in the 1970s. With the support of special regulations made by the central government, Batam City becomes a competitive place for investment in Indonesia. Moreover Batam has geographical advantage because of its strategic location and adjacent to Malaysia and Singapore.

Purposes of the Research: The research examines the legal framework governing the relationship between the Batam City Government and Batam Concession Agency, identifying overlap and potential conflicts, and promoting synergy with the Batam Business Entity.

Methods of the Research: The study approach employed. Secondary data is used in this normative legal research strategy.

Results of the Research: Research suggests that the legal structure between Batam City Government and Batam Concession Agency should promote cooperation and collaboration. In practice, overlapping jurisdiction areas might leave unclear and confusing duties and responsibilities for each entity. They were fulfilling each entity's duties. Overlapping zones can interfere with development and public services and cause institutional conflicts. The legal framework may require clarity or amendment to improve the interaction between the Batam City Government and the Batam Concession Agency. Optimize local government, for optimal local government, the law must assist the Batam City Government, and Batam Concession Agency cooperate. Batam City and Batam Concession Agency labor together cooperatively. Batam City and Batam Concession Agency collaborate.

Keywords: Optimization; Regional Governance; Institutional Dualism.

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INTRODUCTION

The Batam City, strategically located on the international trade route, has experienced rapid development in recent decades¹. With its unique status as part of the Special Economic Zone (SEZ), Batam has attracted the attention of many domestic and international investors². Has attracted the attention of many investors, both domestic and international. In this context, two institutional entities play an important role in the management and development of the area: Batam City Government and Batam Concession Agency (BP Batam)³. Since its establishment, BP Batam has had a specific mandate to manage, develop,

¹ Bayu Putra, "Dampak Dualisme Kewenangan Dalam Pelayanan Administrasi Penanaman Modal: Studi Kasus Implementasi Desentralisasi Di Kota Batam" (Universitas Gadjah Mada, 2014).

² Zaenuddin Muhammad, "Strategi Kebijakan Pembangunan Di Kota Batam," *Elastisitas-Jurnal Ekonomi Pembangunan* 5, no. 1 (2023): 13-20; A Muzwardi, "Job Analysis of Ex-Officio Head of Batam Indonesia Free Zone Authority (BP Batam): Relationship between Performance and Political Relation," *Jurnal Magister Administrasi Publik (JMAP)*, 2021.

³ Dean Lapadca Mirzah, "Pengelolaan Kawasan Batam Melalui Badan Pengusahaan Batam Serta Kaitannya Dengan Peraturan Pemerintah Daerah Menurut Undang-Undang Nomor 32 Tahun 2004" (Universitas Andalas, 2016); S Lany Pionier, J Matsunami, and ...

and promote Batam as an industrial, trade, and tourism center. On the other hand, the Batam City Government has important responsibilities in providing public services and conducting governance in the region. However, this institutional dualism often raises questions about coordination, delimitation of areas of authority, and potential overlaps in implementing policies and programs⁴.

This context confirms the need for in-depth research on how the optimization of regional governance can be achieved in the context of institutional dualism⁵. This has relevance in the legal realm and the framework of sustainable development, efficiency, and involving various parties in the decision-making process. This article aims to analyze and understand the legal framework governing the relationship between the Batam City Government and BP Batam⁶. Through a deeper understanding of the dynamics and challenges, this research will likely provide valuable recommendations for policymakers to optimize Batam's potential through more synergistic and integrated governance⁷. This research will explore how the law can support cooperation between the two entities and seek solutions to the problems arising from institutional dualism in Batam.

From the above background, the author is very interested in studying and revealing the results of this research through publication in a scientific journal entitled "Optimizing Regional Governance in Batam City Government-Business Entity Institutional Dualism." From the context of the problem that has been described, two main problems will be explained: First, this research will investigate the legal framework governing the relationship between the Batam City Government and the Batam Concession Agency. In addition, the research will also examine whether there are overlapping areas of authority or potential conflicts that may arise in implementing these regulations. Secondly, the research will focus on how the law can support synergy and coordination efforts between Batam City Government and Batam Concession Agency to achieve optimal local governance. During this research, the author will also identify obstacles and challenges that may be encountered in the practical implementation of the legal framework. By elaborating on these issues, the author hopes that the research results will provide valuable insights into efforts to improve the efficiency and effectiveness of local governance in the Batam region.

METHODS OF THE RESEARCH

The research method is a crucial step a researcher takes to study, respond to, and analyze a problem to produce scientific answers or solutions. Research methods form the basis for compiling scientific data underlying the research⁸. In the context of this research, the research method used is a legal research method with a normative juridical approach. In applying the method, this research uses various approaches, including a statute, case, and conceptual approach. The data in this research is sourced from secondary data, which refers to data or information that already exists and is collected by others for purposes that

"Institutional Dualism and Its Impact on Economic Development The Case of Dualism in Batam," *GEOSPATIAL ...* (pdfs.semanticscholar.org, 2019), <https://pdfs.semanticscholar.org/316a/cbf269a590d674b097c37bed24898db0bbdd.pdf>.

⁴ G Audrey, "Konflik Dalam Pengelolaan Kota Batam," *Jakarta: Tesis Magister Sains Perkotaan Universitas Indonesia*, 2007.

⁵ A Permana et al., "Disharmonization in Managing Government Affairs in Batam City, Riau Islands Province," *Indonesian ...*, 2022.

⁶ L Lestari and S S Johar, "Analysis Of Free Trade Zone (FTZ) Policy Implementation On Economic Growth In Batam City," *Journal Of Critical Reviews* (researchgate.net, 2020); Pionier, Matsunami, and ..., "Institutional Dualism and Its Impact on Economic Development The Case of Dualism in Batam."

⁷ Permana et al., "Disharmonization in Managing Government Affairs in Batam City, Riau Islands Province."

⁸ S E Yulianah, *Metodologi Penelitian Sosial* (CV Rey Media Grafika, 2022).

may differ from the current research⁹. Secondary data sources include official documents, scientific publications, previous research reports, archives, news, and legal documents. In the context of an article examining institutional dualism in Batam, using qualitative methods with secondary data sources provides an in-depth understanding of the legal framework, history, and dynamics of the relationship between Batam City Government and Batam Concession Agency by referring to existing documents and literature. The sources of legal materials used in this research include primary, secondary, and tertiary legal materials. The technique of collecting legal materials used is library research, with the analysis of legal materials conducted qualitatively using a normative juridical approach with a typical legal thinking style. The results of the analysis are presented in analytical descriptive form. Literature research, as explained by ¹⁰ is a method that aims to explore theories that have developed in the field of science relevant to the problem under study. The aim is to gain a deeper understanding of the research methods that have been used by previous researchers, as well as to develop existing concepts and facts. This research is a series of systematic activities with various approaches to investigate certain problems and obtain theoretical knowledge that can contribute to solving the problem at hand. After the data is collected, the next step is to analyze the data to conclude ¹¹ In addition, researchers in this study also applied a theoretical framework to analyze the problem at hand. The theoretical framework is an important analytical tool in this research and is used as a guide for analysis ¹². The postulates underlying this research refer to regional autonomy theory and good governance theory¹³. These provide a strong theoretical basis for exploring and understanding the issue of institutional dualism and local governance in Batam.

RESULTS AND DISCUSSION

A. Legal Framework Governing the Relationship Between the Batam City Government and the Batam Concession Agency

The legal framework governing the relationship between the Batam City Government and the Batam Concession Agency (BP Batam) has its roots in establishing and developing the Batam area as a particular economic center and an important center of industry and trade ¹⁴. Initially, Batam was identified as an industrial and trading area through Presidential Decree No. 41 of 1973 on the Batam Island Industrial Area. This decree significantly initiated the transformation of Batam from a remote island into a strategic and important industrial area for national economic growth. The existence of the Batam Concession Agency (BP Batam), previously known as the Batam Authority, is based on Presidential Decree No. 41 of 1973. BP Batam plays a significant role in the management of Batam Island ¹⁵. Its position was further strengthened by the enactment of Law Number 36 Year 2000, amended by Presidential Decree Number 44 Year 2007. Furthermore, Government Regulation Number 46 Year 2007, which regulates the Batam Free Trade Zone

⁹ Muhamad Azhar Kornelius Benuf, "Metodologi Penelitian Hukum Sebagai Instrumen Mengurai Permasalahan Hukum Kontemporer," *Gema Keadilan* 7, no. 1 (2020): 20–34.

¹⁰ Yulianah, (2022)

¹¹ Khairul Riza, Irfan Husein Lubis, and Nicha Suwala, "Kepastian Hukum Terhadap Putusan Peradilan Adat Aceh Dalam Penyelesaian Tindak Pidana Pencurian," *Jurnal Ilmiah Hukum Dan Hak Asasi Manusia* 2, no. 1 (2022): 39–47.

¹² A Basuki, Y Purwaningsih, and A Soesilo, "The Role of Regional Government Expenditures on Regional Economic Growth in Indonesia," ... on Sustainable Innovation ..., 2019.

¹³ Achmad Ali, "Menguak Teori Hukum Dan Teori Peradilan," *Jakarta: Kencana* 2 (2009).

¹⁴ Siti Rahmania Ulfa, "Pengaruh Perubahan Tarif Pajak dan Dasar Pengenaan Pajak atas Pemberlakuan PMK No. 199/PMK. 010/2019 Terhadap Pelaku E-Commerce di Kota Batam" (Universitas Islam Indonesia, 2023).

¹⁵ Permana et al., "Disharmonization in Managing Government Affairs in Batam City, Riau Islands Province."

and Free Port, also strengthens the role of BP Batam. This regulation was also amended through Government Regulation Number 5 Year 2011.

These regulations reflect Batam's development from a remote island to a crucial industrial, trade, and economic center in Indonesia¹⁶. This legal framework provides the foundation for the relationship between the Batam City Government and BP Batam, which has significant implications for the governance and development of the region¹⁷. Therefore, an in-depth understanding of this legal framework is essential in formulating effective solutions and synergies between the parties to support economic development and better local governance in Batam. Batam City Government was established under Law Number 53 Year 1999, which also facilitated the establishment of several other districts in the Riau region. The establishment of the Batam City Government had the main objectives: to provide better public services and run the region's governance more effectively¹⁸. By the end of 2005, strategic measures were required to stimulate the Batam region's development to become a sustainable global economic center.

This was based on the provisions of Law Number 53 Year 1999. The initiative was realized through a series of coordination meetings and, at that time, marked by the signing of the 2005 Memorandum of Understanding (MoU) between the Batam City Government, Batam City Council, and Batam Authority Agency. Through this MoU, they commit to address and resolve several key issues, including land, infrastructure, revenue, economic, social, and security issues. The commitment clarifies that if a problem is related to any of the six key issues, the Batam City Council, Batam City Government, and Batam Authority Agency will work together to find a solution through a series of Coordination Meetings¹⁹. This agreement has evolved, with another Coordination Meeting signed in February 2009. This agreement reflects the determination and endeavor to create more potent synergy between all parties involved in the development and governance of the Batam area. As such, it aims to address the various challenges in the city's development process and create a conducive environment for economic growth and community welfare in Batam.

Legal certainty surrounding the status of Batam is critical, especially in order to give a clear and firm title to the status of this area. The hope is that, in addition to the planned enactment of the Law on Free Trade Zone and Free Port, Batam can be elevated to the Free Trade Zone (FTZ) status²⁰. This status can be used as a legal basis that recognizes the certainty of investment and is expected to help end the impression of leadership dualism²¹. However, the impression of the dualism of authority is still a hot topic of discussion in business and political circles. This mainly concerns the coordination of public infrastructure development and the potential development of Batam Island, which appears to run separately between the Batam City Government and BP Batam²². BP Batam manages, develops, and promotes industrial and trade areas, while Batam City Government focuses on public services, governance, and other local affairs. Nevertheless, some areas of authority may overlap, such as in terms of licensing, infrastructure, and area development. Therefore,

¹⁶ Pionier, Matsunami, and ..., "Institutional Dualism and Its Impact on Economic Development The Case of Dualism in Batam."

¹⁷ Permana et al., "Disharmonization in Managing Government Affairs in Batam City, Riau Islands Province."

¹⁸ B Arianto, A Perdana, and M Rauf, "Overlapping Central Government Policy with Regional Governments: Study of Conflict Anchor Port Management in Kepulauan Riau Province 2017-2022," *Journal of Social and Political ...*, 2022.

¹⁹ Arianto, Perdana, and Rauf.

²⁰ Lestari and Johar, "Analysis Of Free Trade Zone (FTZ) Policy Implementation On Economic Growth In Batam City."

²¹ J Leider, "Competing Regional Integrations in Southeast Asia (CRISEA). Final Report. Description, Implementation, and Output" (hal.science, 2021).

²² Lestari and Johar, "Analysis Of Free Trade Zone (FTZ) Policy Implementation On Economic Growth In Batam City."

further regulations and policies are needed to clarify the demarcation of authority between the two.

Given the importance of synergy between BP Batam and the Batam City Government, the legal framework should also include mechanisms that support coordination and collaboration²³. This could be achieved through regular communication forums, the establishment of joint teams, or through specific integration policies. The aim is to create closer cooperation between the two parties to achieve development goals and more efficient local governance and avoid overlapping or unclear implementation of each entity's duties and responsibilities.

In line with development dynamics and emerging challenges, the legal framework governing the relationship between BP Batam and the Batam City Government may undergo revision or change. This needs to be done to address evolving needs and to deal with the latest situation in the field. In understanding the importance of this legal framework, we must recognize that Batam has unique characteristics as an industrial and trading area with special status. Therefore, the relationship between BP Batam and the Batam City Government should always be reflective of the needs and aspirations of the community and support the vision of Batam's development as a strategic economic center in the region²⁴. Potential overlaps or conflicts in areas of authority between the Batam City Government and the Batam Concession Agency (BP Batam) are possible, given that both have different mandates but operate in the same area. Some examples of potentially overlapping and conflicting areas of authority between the two include:

1. Licensing

Regarding licensing, BP Batam has the authority to issue investment and related licenses in industrial and trade areas. However, the Batam City Government also has the authority to grant licenses, especially those related to public services and governance. Potential conflicts may arise when investors or businesses in Batam face different demands from these two entities or when there is confusion about which procedures to follow. This can be a severe obstacle in mobilizing investment and expediting regional business processes. Therefore, better coordination and clear clarification in licensing is needed to minimize potential conflicts.

2. Infrastructure Development

BP Batam is mandated to develop infrastructure in the industrial estate, including facilities that support economic activities there. However, public infrastructure such as roads, sanitation, and other public facilities are the responsibility of the Batam City Government. Potential conflicts arise when policies or plans for infrastructure development are not synchronized or contradictory between these entities. Poor coordination in this regard can hamper economic growth and community welfare in Batam and slow down the region's overall development process. Therefore, it is important for the Batam City Government and BP Batam to actively communicate and collaborate in planning and implementing infrastructure development to avoid potential conflicts and achieve more efficient and sustainable development goals.

²³ D Zhu and B Xu, "Regional Government R&D Investment and Innovation Performance: The Moderating Effect of Geographical and Organizational Proximities," *International Journal of Innovation Science*, 2022, <https://doi.org/10.1108/IJIS-01-2021-0001>.

²⁴ Tubagus Muhammad Nasarudin and Martha Riananda, "Politik Hukum Otonomi Daerah Dalam Negara Kesatuan Republik Indonesia," *Jurnal Hukum Malahayati* 1, no. 1 (2020): 35-46.

3. Resource Management

BP Batam may have specific policies on resource management in the industrial and trading areas. On the other hand, the Batam City Government has a general policy that applies to its entire area. This difference may result in mismatches in resource utilization or even potential conflicts when there are conflicting policies between these two entities. For example, BP Batam may have environmental and spatial policies related to industrial estates that are different from the spatial policies applicable at the city level. To avoid these potential conflicts, active cooperation between BP Batam and the Batam City Government is required to formulate policies that support sustainable resource management and align with Batam's development vision.

4. Public Services

Although BP Batam is primarily focused on economic development, it may also be involved in certain public services in the industrial estate. This could overlap with the authority of the Batam City Government, which is generally responsible for public services in the area. For example, regarding health or education services for industrial workers in Batam, BP Batam, and Batam City Governments may have similar programs or initiatives. To avoid inefficient overlaps and conflicts in public services, there needs to be better coordination between these two entities and a clear understanding of their respective roles in providing quality services to the community.

5. Regulation and Tax

BP Batam may be able to set special tax policies or incentives to attract investment to the industrial estate. On the other hand, the Batam City Government also has the authority to set local taxes and levies. This could be a potential conflict if there are differences or ambiguities in implementing regulations and taxation. To avoid this potential conflict, it is important to ensure effective tax policy and regulation coordination between BP Batam and the Batam City Government. This allows these two entities to work together to create an environment that supports economic growth and investment while maintaining fairness and the welfare of the local community.

Close coordination and effective clarification mechanisms between Batam City Government and BP Batam are required to address these potential overlaps and conflicts. Good cooperation and a deep understanding of the scope of each entity will minimize discrepancies and ensure Batam's harmonious and effective development. This will support achieving the vision of Batam as a strategic economic center in the region.

B. Law can Support Synergy and Coordination Between Batam City Government and Batam Business Entity to Achieve Optimal Regional Governance

Synergy and coordination between the Batam City Government and the Batam Business Entity (BP Batam) are crucial to achieving optimal local governance. Law is important in facilitating this cooperation and ensuring that both entities can work together efficiently and effectively. The law should clearly define the scope of authority of each entity to avoid overlap and ambiguity²⁵. This will make coordination easier as each party clearly knows its responsibilities and boundaries. Laws or regulations can create formal coordination forums or mechanisms where both entities can collaborate, discuss, and make joint decisions. For example, establishing a coordination committee between the Batam City Government and

²⁵ Nasarudin and Riananda.

BP Batam addresses common issues. Through this committee, both entities can have structured discussions and make decisions that consider the interests of the community and the region's development.

The law may also authorize the two entities to make policies or regulations together in some instances²⁶. This ensures that the resulting policies align with the interests of both entities and the Batam community. This mechanism supports closer cooperation in planning and implementing strategic programs that support each other. The law should also provide a fair and speedy dispute resolution mechanism in case of disagreement or conflict between Batam City Government and BP Batam. Resorting to dispute resolution procedures recognized by law, such as mediation or arbitration, will help prevent conflict escalation and ensure that disagreements can be resolved fairly and under the law²⁷. This is important to maintain a positive relationship between the two entities and ensure that the development of Batam proceeds harmoniously and under the established development objectives. The law should ensure that both entities operate transparently and accountably. This can be achieved through various legal provisions, such as requiring the publication of policies, decisions, and performance reports²⁸. With these publications, the public can understand the actions and decisions taken by the Batam City Government and BP Batam so that they can monitor the work of both entities. In addition, the law can also facilitate active community participation in the decision-making process.

Involving the community in discussions, consultations, and monitoring will ensure that policies are made according to the needs and aspirations of the community. Given the dynamic development of the Batam area, the law should be flexible to be adapted and updated according to emerging needs and challenges. This ensures that the legal framework remains relevant and supports the synergy of both entities. The law can support training and education programs for officials and staff from both entities. Understanding the law, governance, and community needs will improve the effectiveness of coordination and cooperation. A comprehensive and solution-oriented legal approach can optimize synergy and coordination between the Batam City Government and BP Batam. This will improve local governance and ensure Batam develops into an inclusive, sustainable, and progressive economic area. In practice, efforts to create synergy and coordination between the Batam City Government and the Batam Concession Agency (BP Batam) face several obstacles and challenges, both from internal and external aspects. The following are some of the obstacles and challenges that often arise:

1. Lack of Understanding of Authority

Lack of understanding of the authority between Batam City Government and Batam Business Entity (BP Batam) is often a significant obstacle in achieving optimal coordination and synergy. The lack of clarity in the boundaries of each entity's authority may result in overlapping tasks and functions, which may cause conflict or competition in implementing programs or policies²⁹. For example, when both entities attempt to issue licenses for the same activity without adequate coordination, this can create difficulties for third parties,

²⁶ Muhammad Zaenuddin et al., "Dualisme Kelembagaan Antara Pemerintah Kota Dan Badan Pengusahaan Batam Serta Dampaknya Terhadap Kinerja Perekonomian Di Kota Batam," *Journal of Applied Business Administration* 1, no. 2 (2017): 219-31.

²⁷ Dianora Alivia, "Politik Hukum Pengaturan Pemerintahan Daerah Yang Bersifat Khusus Atau Bersifat Istimewa Di Indonesia," *Rechtidee* 14, no. 2 (2019): 150-66.

²⁸ N C McGregor, *State-Firm Nexus: Hybrid Governance and Extraterritoriality of the State in Singapore's Oil and Gas Global Production Networks* (search.proquest.com, 2020).

²⁹ A W Pradana, "Decentralization Practice in Developing Countries: Lessons for Indonesia," *Journal of Governance* (academia.edu, 2021).

such as businesses or communities, who must deal with different procedures from the two entities. This ambiguity arises not only because of unclear wording in regulations but can also be caused by a lack of socialization regarding the authorities and responsibilities of each entity.

In addition, changes in regulations or policies from time to time can exacerbate this situation if adequate information updates and socialization to relevant parties do not follow these changes. In the long run, this lack of clarity may hamper the effectiveness of local governance and reduce public trust in government institutions. Therefore, the Batam City Government and BP Batam need to formulate a clear legal framework and conduct good socialization with the public and stakeholders so that all parties understand each entity's limits of authority and responsibilities. This will help avoid overlaps of conflicts and improve coordination between the two.

2. Lack of Communication and Coordination

Lack of communication and coordination between the Batam City Government and the Batam Business Entity (BP Batam) is a significant obstacle in the collaboration and implementation of joint tasks. Although there are formal mechanisms for coordination, there may be information gaps or a need for more effective communication between the two entities in practice.

With effective communication, they may have a different understanding of objectives, priorities, and action plans, leading to program or project implementation gaps. For example, if one entity begins to implement a program without informing the other, this could result in duplication of effort, inefficiency in the use of resources, and potential conflict when the two entities find themselves on opposing sides.

Lack of coordination can also affect the quality of services provided to the public and businesses. For example, when policies or programs require both entities' involvement, but one is not engaged correctly due to a lack of communication, this can lead to delays, discrepancies, or even failures in service delivery or program implementation. In the long run, this lack of communication and coordination can erode public trust in both entities and hinder joint efforts to achieve optimal local governance.

To overcome these barriers, both entities must improve effective communication through regular meetings, information sharing, and establishing joint teams to design and implement joint plans. Efforts to ensure a common understanding of goals and actions are key to overcoming any lack of communication and coordination. Synergy and strong cooperation require effective communication at all levels.

3. Political Competition and Interests

Local political dynamics may affect the relationship between the Batam City Government and BP Batam. Political interests or inter-agency rivalries may hinder synergy efforts. Political rivalry and special interests can be a significant obstacle to creating synergy between the Batam City Government and the Batam Concession Agency (BP Batam).

In many cases, decisions and policies that should be made based on technical considerations and public interest may be distorted by political considerations. For example, specific stakeholders may seek to influence decisions to support their agendas or interests, which may not be aligned with the overall objectives of local governance. In some situations, good policies may be delayed or not implemented due to political considerations.

In addition, competition between different stakeholders or political groups may break the cohesion and cooperation between the Batam City Government and BP Batam. For example, suppose one of the entities is supported or controlled by a particular political group while the other is under the influence of a different group. In that case, this may lead to conflict and competition rather than collaboration. Such competition not only hampers the efficiency and effectiveness of local governance but can also damage the government's image in the eyes of the public, who see the government as engaging in internal competition rather than serving the public interest.

To overcome this obstacle, there must be a solid effort to separate political interests from technical decisions related to local governance. The focus should remain on the public interest and larger development goals. Establishing transparent and accountable mechanisms in the decision-making process can help reduce the corrupting influence of politics. In addition, it is important to educate stakeholders and the public on the importance of the separation between politics and efficient and effective governance.

4. Differences in Views and Priorities

Differences in vision, mission, and priorities between Batam City Government and BP Batam can be a source of tension and misunderstanding affecting local governance. Each entity has a different focus, and insufficient coordination may result in overlaps or contradictions in implementing policies and programs. For example, while the Batam City Government may prioritize infrastructure development and public services, BP Batam may focus more on investment promotion and industrial estate development. The two entities may work towards different or conflicting goals without good alignment.

Differences in views and priorities may also have an impact on resource allocation. When resources are limited, both entities may compete for a larger share according to their priorities. This could result in an inefficient use of resources, where more urgent or strategic needs may be overlooked in favor of interests one of the entities deems important.

Overcoming these obstacles requires strong commitment, flexibility, and close cooperation between the Batam City Government and BP Batam. In addition, support from the central government, the community, and other relevant parties is required. Effective coordination should include aligning the two entities' vision, mission, and priorities. Establishing a regular communication and coordination mechanism can help overcome discrepancies in policy planning and implementation. Furthermore, in analyzing this issue, the theory of regional autonomy and good governance theory will serve as a guide. The theory of regional autonomy provides an understanding of how to give authority to regions to manage their local affairs. It aims to improve the efficiency, effectiveness, and accountability of services to the community and accelerate regional development. The good governance theory will discuss the concept of good governance, which includes transparency, public participation, accountability, and other principles that support good decision-making and quality services.

By applying these principles, synergy and coordination between the Batam City Government and BP Batam can be optimized, and optimal local governance can be achieved. In addition, continuous evaluation and adjustment are necessary to properly address differences in visions and priorities and achieve regional development goals.

The implementation of regional autonomy in Indonesia has been regulated in various regulations, including Law No. 23/2014 on Regional Government. The principle of regional

autonomy emphasizes the importance of a clear division of authority between the central government, local governments, and other entities in the regions. This is intended to allow each entity to function under its purpose and function without overlap or conflict in decision-making and policy implementation. The context of the relationship between the Batam City Government and the Batam Concession Agency, the principle of regional autonomy should be applied carefully. This means that both should have clear boundaries of authority that allow them to operate without neglecting their respective rights and authorities. However, in practice, the potential for overlapping authority can be a significant issue, especially if they have different priorities. Referring to the theory of regional autonomy, the relationship between the Batam City Government and the Batam Business Entity should be based on the principle of genuine autonomy³⁰. Both should respect each other and understand each other's roles well. The authorities and duties of each entity should be clearly defined and given room to perform their functions under their vision and mission.

Revision or clarification of the existing legal framework may be necessary to avoid potential overlaps and conflicts. This will help ensure that the principle of regional autonomy is well implemented so that both entities can work together efficiently and effectively in achieving optimal regional development goals. In addition, good communication and close coordination will be vital in ensuring that the relationship between the two entities runs according to the principle of regional autonomy and supports synergy in regional development.

Good governance principles are fundamental in the Batam City Government and the Batam Concession Agency (BP Batam) relationship. The principles of good governance, such as transparency, accountability, participation, effectiveness, and fairness, should ensure that local governance runs well and optimally. Transparency means all policies, decisions, and performance reports should be accessible to the public³¹. The principle of accountability ensures that both entities must be responsible for their actions and accountable for using resources and performance results to the community³². Participation allows the public and other stakeholders to provide input, voice their concerns, and be involved in policy formation³³. The principle of effectiveness means that the Batam City Government and BP Batam should work together efficiently and effectively to achieve local development objectives. Fairness should always be considered in every action, referring to fair treatment of all parties without discrimination.

In the face of obstacles such as lack of understanding of authority, lack of communication, political competition, and divergent views, the principles of good governance should be guided. By implementing these principles, potential conflicts can be mitigated, and decisions and policies can become more efficient and fairer. In addition, participation mechanisms will ensure that all interested parties are involved in the decision-making process, which will improve representation and fairness in local governance. From the

³⁰ C K May, "Complex Adaptive Governance Systems: A Framework to Understand Institutions, Organizations, and People in Socio-Ecological Systems," *Socio-Ecological Practice Research* (Springer, 2022), <https://doi.org/10.1007/s42532-021-00101-7>.

³¹ L T Chikhladze and A A Larichev, "The Dualistic Model and 'Rational Centralization' as Factors of the Effective Functioning of Local Government within the Russian Public Authority Mechanism," *Rudn Journal of Law* (journals.rudn.ru, 2020).

³² T Zhou, "An Economic Analysis on the Potential and Steady Growth of China: A Practice Based on the Dualistic System Economics in China," *ArXiv Preprint ArXiv:2109.08099*, 2021.

³³ T A Christiani and C Kastowo, *Juridical Analysis on The Potential of Conflicts Between Credit Union Financial Institution and Its Service Users* (e-journal.uajy.ac.id, 2019); I Perevozova et al., *Integration of the Supply Chain Management and Development of the Marketing System* (ekhsuir.kspu.edu, 2020).

perspective of governance theory, the relationship between the Batam City Government and BP Batam should reflect the principles of good governance, and the law should support creating an enabling environment for synergy and coordination. With these principles, emerging obstacles and challenges can be overcome, and optimal local governance can be achieved to support Batam's inclusive, sustainable, and progressive development.

CONCLUSION

In conclusion, the legal framework governing the relationship between Batam City Government and Batam Concession Agency should be designed in such a way as to create synergy and effective coordination between the two. Although it is designed to ensure an optimal relationship, in practice, there are potential overlaps in authority that may lead to uncertainty and confusion in the implementation of the duties and responsibilities of both. These overlapping areas can hinder public development and service delivery and potentially lead to conflict between the two institutions. Thus, revisions or clarifications in the legal framework may be necessary to ensure a harmonious and practical relationship between the Batam City Government and the Batam Concession Agency. That the law supports synergy and coordination between the Batam City Government and Batam Business Entity to achieve optimal local governance. A clear, comprehensive, and adaptive legal framework can serve as the basis for both entities to cooperate effectively, define authorities, and ensure the responsibilities of each party. However, in practice, challenges such as lack of understanding of authority, suboptimal communication, political competition, and differences in views and priorities often become obstacles in implementation. Therefore, apart from a strong legal framework, a shared commitment, open dialog, and an inclusive approach to decision-making are needed to overcome these obstacles. By adopting a holistic approach, the Batam City Government and Batam Business Entity can achieve optimal synergy and create efficient and effective local governance to support Batam's inclusive and sustainable development.

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