

Small island tourism: Future investment or environmental time bomb? A comparative study of Cempedak Private Island and Funtasy Island

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Abstract: The development of private islands as luxury tourism destinations is expanding in Indonesia, particularly in the Riau Islands. This qualitative research uses a comparative case study method to examine two private island projects (Cempedak Private Island and Funtasy Island) to assess whether private island development constitutes a sustainable investment or poses an environmental threat. Primary data were collected through interviews with stakeholders and supported by document analysis. Findings show that Cempedak Island successfully implemented eco-tourism principles through strong governance and local community involvement, while Funtasy Island suffered from mismanagement, regulatory issues, and ecological degradation. The analysis, framed using the ESG (Environmental, Social, Governance) perspective, reveals the significance of inclusive planning, sustainable architecture, and transparent leadership in ensuring long-term viability. The study provides insights for investors, policymakers, and scholars, although its findings are context-specific and may not be generalizable to all private island developments. Future research is needed to test the ESG framework across diverse geographic and regulatory environments.

Keywords: Comparative Study, Private Island, Small Island Tourism, Sustainable Tourism Development

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Introduction

Small island tourism refers to tourism activities that occur on small islands that have unique characteristics, such as distance and remoteness that often require them to import many resources to meet the needs of tourists. Tourism on small islands faces sustainability challenges due to fragile geographic and environmental conditions, such as limited infrastructure, dependence on external resources, and the negative impacts of unplanned tourism development (Graci & Dodds, 2010). Islands that focus solely on tourism as their main source of foreign exchange, without long-term planning for sustainable development, are likely to face a crisis equal to or worse than the collapse of their agricultural sectors (Graci & Vliet, 2020). Developing sustainable island tourism is complex, as it is difficult to find a model of island tourism development that has universal relevance. The tourism sector must be more open to alternative concepts of development paths that focus on sustainable tourism and do not prioritize short-term economic growth, but instead recognize social, cultural, political and environmental well-being as well (Fernandez-Abila et al., 2024). Optimizing tourist numbers while maintaining ecological and social balance is a challenge, as sustainable tourism must improve the quality of life of residents without damaging the environment and cultural capital of island destinations. An understanding of the dynamic relationships between infrastructure, environmental quality, socio-cultural preservation, and policy issues is essential (Ali & Li, 2024).

Private islands have become an attractive asset for tourism investors, especially in archipelagic regions such as Indonesia. However, not all islands developed as private resorts are able to maintain economic and environmental sustainability (Narotama, 2022). Some islands have

managed to develop into successful tourist destinations, while others have created serious environmental and social problems (Walker et al., 2021). In this study, several examples of successful and failed private islands will be examined, to identify the key factors that contributed to success or failure.

Islands in Indonesia, especially in areas such as the Riau Islands, are increasingly becoming the center of attention for investors and tourism developers. Many of them are interested in acquiring small islands to be developed into luxury resorts or exclusive destinations (Narotama, 2022). This private island phenomenon not only promises huge profits for investors, but is also considered a status symbol. However, does this investment really have a long-term positive impact, or is it a time bomb that will destroy the environment in the future? On the one hand, the development of private islands can generate income for the region and improve infrastructure. However, on the other hand, large-scale development activities, exploitation of natural resources, and disruption to marine and terrestrial ecosystems are often unavoidable (Hampton & Jeyacheya, 2015). This article aims to explore in depth the environmental and social impacts of private islands through qualitative research, and assess whether these investments are viable in the long term or need to be controlled with strict policies.

The concept of Environment, Social and Governance (ESG) is one aspect in the development of sustainable tourism (Kumar et al., 2015). ESG includes factors that are considered important in the sustainability of the company. Environmental aspects include the use of natural resources and environmental impact management. Social aspects involve relationships with employees, suppliers, customers, and the communities in which the company operates. In addition to social impacts, private island development also has the potential to cause significant environmental impacts. A study of Serangan Island in Bali showed that the development project on the island had a negative impact on the local ecosystem and the welfare of the local community (Adveni et al., 2023). However, some cases show the existence of exclusive control of islands by individuals or companies, which often causes conflict with local communities. In the Seribu Islands, for example, control of islands for personal interests has disrupted the access and livelihoods of local fishermen (Khabibi et al., 2022).

The studies actively explore over-tourism and its socio-ecological impacts in the Caribbean, emphasizing the importance of implementing sustainable practices, involving local communities, and promoting balanced development. They highlight the necessity of addressing environmental degradation and socio-economic inequality through responsible tourism management. Collectively, these cases demonstrate that while small island tourism offers significant economic opportunities, it demands careful governance and a strong commitment to sustainability to prevent it from causing environmental and social harm (Peterson, 2023). There is one highlights that relevance of Environmental, Social, and Governance (ESG) principles in sustainable tourism development, particularly in small island ecosystems like Karimunjawa (Lukman et al., 2022). This study focuses on environmental aspects by mitigating the negative impacts of tourism, such as coral reef damage, poor waste management, and damage to seagrass and mangrove ecosystems, through effective environmental management. Socially, researchers explore the perceptions and involvement of local communities, and emphasize the importance of their role in implementing sustainability through empowerment, job creation, and strengthening socio-cultural interactions. From a governance perspective, this study highlights how policies such as coastal zoning and conservation strategies play a critical role in creating balanced development. Overall, researchers integrate ESG principles to address the environmental, socio-economic, and governance challenges posed by tourism activities, in order to ensure the long-term sustainability of local communities and ecosystems (Connell, 2021; Lukman et al., 2022). Governance aspects include how the organization organizes its leadership structure, establishes a compensation system for executives, carries out regular audit processes, implements effective internal controls, and ensures that shareholder rights remain protected (Clément et al., 2022).

The application of ESG (Environmental, Social, and Governance) principles in sustainable tourism helps address the challenges of this sector. Tourism players reduce emissions, manage waste, and conserve biodiversity and natural resources to minimize ecological impacts (Stepanova et al., 2023). Tourism actors promote inclusivity and reduce disparities by involving local communities, implementing fair work, and preserving culture (Bae, 2022). Good governance

embodies sustainable tourism practices by encouraging transparency, policy compliance, and ethical management (Hassan et al., 2024). In addition, visionary leaders and environmentally conscious employees contribute greatly to improving ESG performance in the tourism and hospitality industry (Zheng et al., 2025). Researchers emphasize the need to integrate ESG principles to build sustainable tourism that maintains a balance between the environment, society, and economy, while strengthening innovation and resilience in facing global challenges.

Behind the enthusiasm for building private islands, there are major concerns about the impact on the environment and the future of these investments (Rahmania et al., 2021). Promises of environmentally friendly tourism from developers are often not reflected in the field (Darmawan, 2022). Cempedak Island shows that development and conservation can go hand in hand. Conversely, the failure of Funtasy Island is proof that without wise management, development can harm the environment and surrounding communities. This study highlights the comparison of the two cases to understand the success and failure factors in private island development. By analyzing these two cases, this study aims to answer an important question: Is private island development an investment for the future that can sustainably improve the tourism sector, or is it an environmental time bomb that threatens the sustainability of nature in the area? This study will explore the role of environmental management, investment strategies, and long-term impacts on the ecosystem and local communities.

Methodology

This study uses a qualitative approach with a comparative case study method from Robert K. Yin and descriptive qualitative. The comparative analysis was conducted over several months to allow for in-depth data gathering and ESG-based evaluation of the two island cases. Comparative case study research allows researchers to explore the complexity in a particular context, for example differences in the management of private islands, as well as the relationship between causal factors (such as environmental policies, community involvement) and desired outcomes (such as sustainability or failure) (Yin, 2011).

The following are the main components of the Comparative Case Study framework according to Yin:

1. Purpose and Rationale of Case Studies
Comparative case studies are usually conducted to answer "how" and "why" questions, especially in the context of complex phenomena. The main goal is to understand the differences and similarities between the cases being studied and the factors that influence the outcomes.
2. Developing Research Questions
Yin emphasizes the importance of developing clear research questions. These questions typically revolve around "how" and "why" a phenomenon occurs.
3. Case Study Selection
Case selection is an important element in Yin's framework. For comparative studies, the cases selected should have characteristics that allow for relevant comparisons, such as cases that show contrasting outcomes (success vs. failure). Yin suggests a theoretical sampling approach, where cases are selected based on their potential contribution to the theory or hypothesis being tested.
4. Data Collection
Data in comparative case studies can come from a variety of sources: interviews, field observations, documentation, and archives. Yin emphasizes the importance of using multiple sources of evidence to increase the validity of the study. Data collection should be done using consistent methods across cases so that comparisons can be made fairly.
5. Data Triangulation
Yin strongly emphasizes the importance of triangulation in case studies. Triangulation is the process of using multiple data sources to confirm findings and ensure the validity of the results. In comparative studies, triangulation allows researchers to ensure that conclusions drawn from one case are also relevant and comparable to other cases.
6. Data Analysis

In comparative data analysis, Yin suggests using the analytical technique of cross-case analysis. This technique involves identifying themes or patterns that emerge in each case, then comparing them to find differences and similarities.

7. Conclusions and Generalizations

After conducting the analysis, researchers must draw conclusions from the comparisons between the cases.

8. Validity dan Reliability

Yin emphasizes the importance of maintaining validity and reliability in case study research. To increase validity, researchers must use triangulation and clarify the chain of evidence that connects the data to the findings. To increase reliability, researchers must document the entire research process so that it can be repeated by other researchers.

Results and Discussions

The Phenomenon of Private Island Tourism Destinations in the Riau Islands

The Riau Islands are strategically located between Southeast Asian countries such as Singapore, Malaysia, and Thailand. This makes the region attractive to international tourists who want to enjoy a luxurious vacation in a remote place, but still close to international city centers. In terms of investment, the Riau Islands have several advantages compared to other provinces. Because it has an area that is included in the Free Trade Zone (FTZ) and Special Economic Zone (KEK), namely Batam, Bintan and Karimun. The Riau Islands are attractive to investors due to their strategic location and good accessibility, as they have several international ports.

Table 1. Transportation Infrastructure in the Islands

No	Name	Location	Information	Rute
1	Pelabuhan Harbour Bay	Batam	Domestik	Karimun dan Tembilahan
			Internasional	Singapura (HarbourFront), Malaysia (Stulang Laut)
2	Terminal Ferry Telaga Punggur	Batam	Domestik	Tanjung Pinang, Tarempa (Anambas), Lingga, Kijang, Lagoi (Bintan) dan Tanjung Uban
3	Pelabuhan Telaga Punggur	Roro Batam	Domestik	Tanjung Uban, Bintan; Kuala Tungkal, Jambi; dan Sei Selari Pakning, Riau
4	Terminal Sekupang	Batam	Domestik	Tanjung Balai Karimun, Tanjung Samak, Buton, Selat Panjang, Dumai, Bengkalis, Tembilahan, Moro, Tanjung Batu, Kuala Tungkal, Tanjung Berlian, Kuala Gaung, Kuala Enok, Durai, dan Tanjung Pinang
			Internasional	Singapura (Harbourfront)
5	Terminal Internasional Teluk Senimba	Ferry	Internasional	Singapura, Malaysia
6	Internasional Terminal Ferry Center	Ferry Batam	Internasional	Singapura (Harbourfront dan Tanah Merah), Malaysia (Stulang Laut, Putri Harbour, Pasir Gudang, dan Tanjung Pengelih)

7	Pelabuhan Nongsa (NongsaPura)	Batam	Internasional	Singapura
8	Pelabuhan Bintan Pura	Sri Tanjungpinang	Domestik	Batam, Lingga, Tanjung Balai Karimun, Selat Panjang, Bengkalis, dan Dumai
			Internasional	Singapura, Johor Bahru
9	Pelabuhan Linggi	Bulang Tanjunguban, Bintan	Domestik	Batam
10	Pelabuhan Bentan (BBT)	Bandar Telani Lagoi, Bintan	Internasional	Singapura, Johor Bahru
11	Bandar Udara Raja Haji Fisabilillah	Tanjungpinang	Domestik	Batam, Matak, Pekanbaru, Dabo Singkep dan Tangerang
12	Bandar Internasional Hang Nadim	Udara Batam	Domestik	Jakarta, Natuna, Anambas, Padang, Palembang, Pekanbaru, Pontianak, Surabaya, Yogyakarta, Medan, Bangka, Jambi
			Internasional	Korea Selatan
13	Pelabuhan Sri Bayintan Kijang	Kijang	Domestik	Jakarta, Natuna, Anambas

(Source: Riau Islands Tourism Office, 2024)

Private islands provide an exclusive experience for tourists seeking tranquility and high privacy. In the Riau Islands, several islands are managed specifically for high-end tourists, such as Nirup Island and Bawah Island, which offer luxurious accommodation and premium facilities. Tourists who visit these islands are often looking for a vacation away from the hustle and bustle of mass tourism, making them a major attraction.

The Riau Islands show great potential as a leading tourist destination, both for domestic and foreign tourists. Its proximity to Singapore and Malaysia makes this region very strategic in attracting tourists, especially from neighboring countries. In recent years, the development of private island-based tourist destinations has become popular, offering exclusive concepts targeting the upper-class market segment. These islands are marketed as premium destinations that offer more than just natural scenery, but also luxurious facilities such as private villas, personal services, and access to limited and personal tourist activities, such as snorkeling, diving, and exclusive beaches.

The study also noted that increasing accessibility is a key factor in the development of private island tourism in the Riau Islands. Improved transportation infrastructure, such as the presence of international airports in Batam and Bintan, as well as the many ferry ports connecting the region to Singapore and Malaysia, have opened up wider access for foreign tourists. This has a direct impact on increasing visits to private islands, while also encouraging accelerated investment in the sustainable tourism sector.

These findings indicate that the combination of geographical advantages, natural potential, commitment to sustainability, and ease of access are important factors in supporting the growth of the private island tourism sector in the Riau Islands. However, proper and sustainable management remains key so that the development of this destination is not only economically profitable, but also maintains the ecological balance and local socio-cultural values. The combination of ecological appeal, exclusivity value, and economic prospects make private island tourism in the Riau Islands a strategic choice for premium tourists and tourism investors.

Private Island: Cempedak Island, Bintan Regency

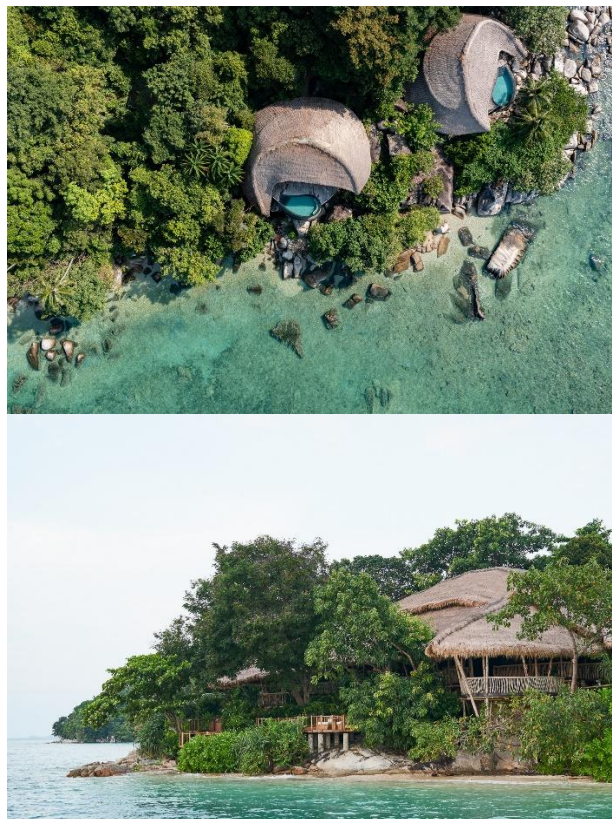
Cempedak Private Island was developed by entrepreneur Andrew Dixon, who also manages Telunas Private Island. Construction began in 2013 with an eco-luxury concept that emphasizes

the principle of sustainability. This project is designed to preserve the island's nature by implementing minimalist architecture using environmentally friendly materials such as bamboo, wood, and alang-alang. In the process of construction to management, the management involved local workers significantly. This reflects a commitment to empowering the surrounding community as part of a sustainable tourism development strategy.

Cempedak Private Island, which officially opened in 2017, offers 20 luxury villas exclusively for adults as part of the resort's exclusive branding strategy. Each villa is designed to blend in with its surroundings, offering views of the ocean or tropical forest, and most are equipped with private pools. This design approach reflects a commitment to the extinction and protection of the local ecosystem. In its implementation, Cempedak carries out various environmentally friendly initiatives, including:

Sustainable Architectural Design

The island's management has implemented a number of eco-friendly initiatives as part of its commitment to sustainable tourism. They built the villas using natural materials such as bamboo and local wood, thus minimizing the environmental impact during the construction process.



(Source: Cempedak Island Website, 2024)

Figure 1. Cempedak Island

Renewable Energy

To meet energy needs, the management relies on solar power and implements a natural ventilation system without air conditioning. They deliberately do not provide televisions and telephones in order to create a holiday experience that focuses on nature and tranquility.

Waste and Environmental Management

In addition, the management also manages waste sustainably by reducing the use of single-use plastic, processing organic waste, and developing a recycling system. They continue to maintain the local ecosystem through coral reef conservation and turtle conservation programs. This eco-friendly policy not only appeals to eco-conscious travelers, but also enhances Cempedak's reputation as a responsible destination. Since its opening, Cempedak has attracted international tourists, especially from Singapore, which is only 2-3 hours away by ferry. The resort has received numerous awards and praise in various international media for its natural beauty and commitment to ecotourism. Guests praise the exclusive experience and high-quality service, making Cempedak one of the favorite destinations for travelers seeking tranquility and luxury combined with nature. Based on the report on foreign tourist visits to Cempedak Private Island in January 2023, the total number of visitors reached 170 people. The largest number of tourists came from the UK (28%), followed by France (15%), Australia (14%), Singapore (11%), Malaysia (5%), the Netherlands (4%), the United States (3%), Sweden (3%), other countries in Europe (13%), and 4% from other countries. From this data, the largest number of visitors came from countries in the European Continent. Like many other tourist destinations, Cempedak has also been affected by the COVID-19 pandemic, especially due to the decline in international tourist arrivals. However, the resort has managed to survive by implementing strict health protocols and attracting domestic tourists as well as tourists from nearby countries such as Singapore which is starting to open up cross-border travel.

Today, Cempedak Private Island remains one of the most exclusive destinations in the Riau Islands, with high occupancy rates during peak seasons. The resort continues to attract interest due to its consistent sustainability concept, quality services, and stunning natural scenery. Its success can be attributed to careful planning, environmentally friendly architectural execution, and a commitment to preserving the local environment. With an international reputation and strong marketing strategy, Cempedak Private Island has proven itself as one of the successful examples of sustainable tourism development in Indonesia.

Private Island: Funtasy Island, Batam City

Funtasy Island was first conceived in 2012 and began development around 2013-2014. The project was promoted as the "world's largest ecotourism," with a promise to develop a tourist area that preserves the natural beauty and biodiversity of the area. Funtasy Island is a luxury resort and theme park project located on a private island near Batam, Indonesia. Claimed to be one of the world's largest ecotourism sites, the project aims to attract international tourists, especially from Singapore and other neighboring countries. The Singaporean developer is working with local Indonesian parties to begin construction of the luxury resort, private villas, marine park, and various entertainment facilities targeted for completion in 2015. Ownership of the Private Island Resort Funtasy Island is owned by Michael Yong with 30% of Funtasy Island Development shares, while the rest is owned by Indonesian businessmen Ade Soehari and Luky Winata. Land ownership regulations in Indonesia mean that foreign investors are given a lease for 25 years and can be extended for a period of 20 years. PT Batam Island Marina promised to extend the lease until 2112. Director Michael Yong said at the time that initial sales had "exceeded expectations" with 70% of buyers being Singaporeans. At last count, 90% of the units had been sold by mid-2015, generating sales of SGD\$250 million since 2011 (Batamnewsasia, 2023).



(Source: Batamnewsasia, 2023)

Figure 2. Masterplan for the Development of Funtasy Island Private Island

In 2015, Funtasy Island began opening reservations for luxury villa units that were claimed to be environmentally friendly. With a focus on the international market, especially Singaporean tourists, the project was heavily promoted in the media as one of the main tourist destinations in Southeast Asia. However, several problems began to emerge, especially related to infrastructure and logistics. Although the official launch was scheduled for that year, many parts of the project were not yet ready to operate. With an area of around 328 hectares, Funtasy Island was planned to be a destination that offered ecotourism experiences, luxury resorts, private villas, and various recreational facilities. There are three main tourist attractions on Funtasy Island, namely the Eco Theme Park which is claimed to be the largest, Beach Club and Love Island. The island's eco theme park combines forest tourism, water tourism, adventure, mangrove tourism and diving tourism. Funtasy Island is not only equipped with villas, apartments, hotels and resorts, but also has a bird park, dolphin water reservation, mangrove, sea sport, monkey forest, underwater hotel, sea accommodation, underwater room, swimming with stingrays, and an underwater aquarium. Not to forget, a theme park was also built. The beauty of Funtasy Island is also unstoppable, especially since the distance from Harbourfront Port, Singapore is only 16 kilometers. Another advantage is the price, because the price offered at Funtasy Island is much cheaper than Singapore and Malaysia (Redaktur, 2017).



(Source: Google Images, 2024)

Figure 3. Private Island Funtasy Island

During the operational phase around 2016 to 2017, Funtasy Island faced various obstacles. One of them was the issue of permits and regulations from Indonesian authorities, especially in terms of land and environmental management. There were also concerns about the environmental impact of large-scale development on an ecologically sensitive island. Logistical constraints, such as transportation from Batam or Singapore, also slowed down the development and operational process. In 2016, the island experienced a dispute, where the Singapore Company stated that the island was in their waters. This caused the Indonesian government to demand clarity from the Singapore government because Indonesia was worried that the island would be claimed by Singapore. The Singapore government stated that they had never doubted the sovereignty of the island and had never claimed the island. Even so, local TNI and AL personnel have also traveled to the resort to raise a number of Indonesian Red and White flags. This shows Indonesia's commitment to the 2007 Coastal and Small Islands Management Act (Arshad, 2016).



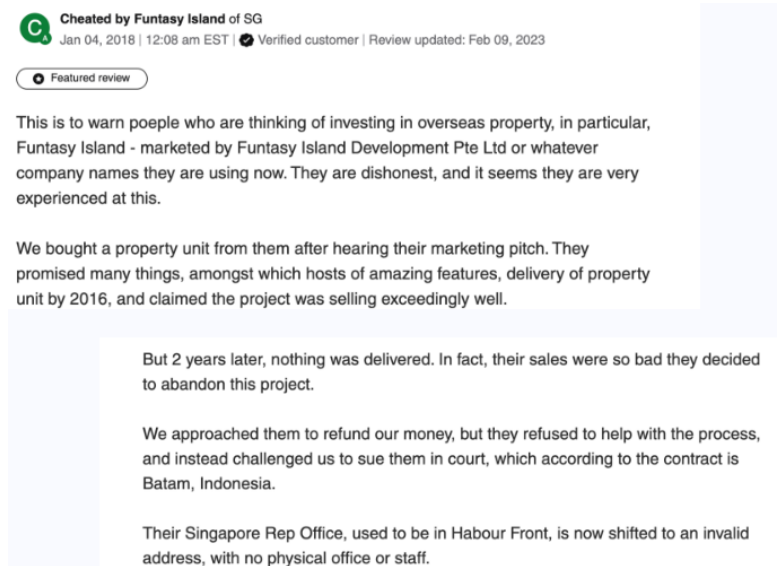
(Source: Arshad, 2016)

Figure 4. Location of Batam, Funtasy Island and Singapore

In 2018, although some of the facilities had been built, Funtasy Island had difficulty in attracting the expected number of visitors. The infrastructure was not fully completed, and international promotion did not produce results as targeted. As a result, the project could not operate optimally. Due to financial problems and lack of market interest, Funtasy Island finally failed to operate fully and never reached its expected potential. Until now, most of the resort area is unused or neglected, and the project is considered an example of failure in tourism management and investment. Finally, Funtasy Island began to lose attention and was secretly auctioned online. PT Batam Island Marina, the manager of Funtasy Island, held an auction with a price of IDR 559.27 billion for an area of 272,509 square meters. This is a drastic decrease from the July 2020 auction price limit of IDR 950 billion. Interested bidders are required to deposit IDR 251.67 billion no later than June 22, 2023. The decrease in the auction price is likely to attract more potential buyers and rejuvenate this tourism project that was temporarily halted due to the COVID-19 pandemic.

This resort has a target market in Singapore with villa prices reaching more than IDR 7 billion and plans to spend a development budget of up to trillions of rupiah. Recently, the Director General of State Assets has opened auction offers again for the luxury Funtasy Island resort area on Pulau Manis, Batam. It is not yet known what problems are involving the area's developers. However, some time ago there was a management conflict within the development company (Zuhri, 2023). However, one of the developers of this resort, PT. Batam Island Marina (BIM) has been dragged into several cases, including a land dispute, where one party submitted evidence of the authenticity of physical and legal data. This is stated in the Decision of PT PEKANBARU

Number 96/PID.B/2013/PTR in 2014. PT. BIM was reported for falsifying land documents where the reporter was the heir of the land that would later be built. Then there was also an alleged engineering of bank books handled by the Attorney General's Office (Firman, 2019) and the BTN gratification case, where BTN claimed that the provision of credit to BIM was in accordance with procedures (Dirhantoro, 2019). Then in 2020, Funtasy Island Resort was officially auctioned in July 2020. The COVID-19 pandemic that has hit the world since 2020 has worsened the situation for this project. The tourism sector has come to a standstill, and many investors and developers have been forced to postpone or stop their operations. In the case of Funtasy Island, the pandemic may be the final straw that destroys the chances of this project recovering.

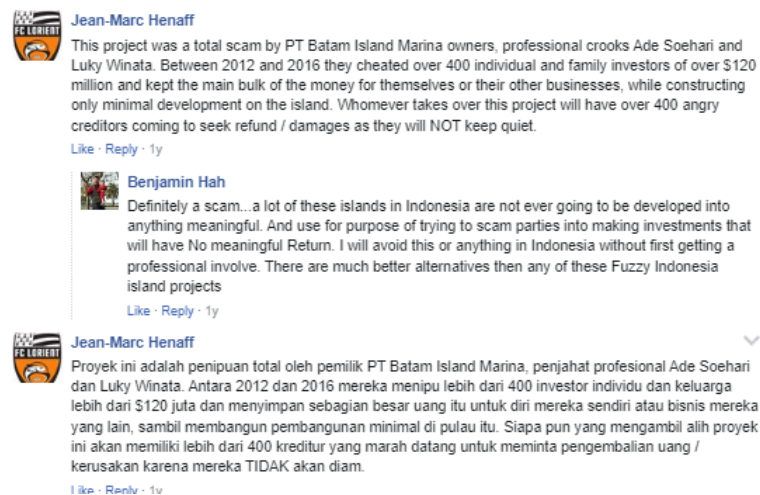


(Source: Batamnewsasia, 2023)

Figure 5. Comments from Funtasy Island Investment Victims

Several comments were also found on the website stating that the Funtasy Island developer company was a fraud in 2023. The following are the comments:

"This is to warn poeple who are thinking of investing in overseas property, in particular, Funtasy Island-marketed by Funtasy Island Development Pte Ltd or whatever company names they are using now. They are dishonest, and it seems they are very experienced at this. We bought a property unit from them after hearing their marketing pitch. They promised many things, amongst which hosts of amazing features, delivery of property unit by 2016, and claimed the project was selling exceedingly well. But 2 years later, nothing was delivered. In fact, their sales were so bad they decided to abandon this project. We approached them to refund our money, but they refused to help with the process, and instead challenged us to sue them in court, which according to the contract is Batam, Indonesia. Their Singapore Rep Office, used to be in Habour Front, is now shifted to an invalid address, with no physical office or staff."



(Source: Zuhri, 2023)

Figure 6. Comments from Funtasy Island Investment Victims (Facebook)

Then, comments were also found from an article written by Zuhri (2023), this comment was written by a Facebook account named Jean-Marc Henaff and Benjamin Hah, the contents of the conversation are as follows:

Jean-Marc Henaff

"This project was a total scam by PT Batam Island Marina owners, professional crooks Ade Soehari and Luky Winata. Between 2012 and 2016 they cheated over 400 individual and family investors of over \$120 million and kept the main bulk of the money for themselves or their other businesses, while constructing only minimal development on the island. Whomever takes over this project will have over 400 angry creditors coming to seek refund / damages as they will NOT keep quiet."

Benjamin Hah

"Definitely a scam...a lot of these islands in Indonesia are not ever going to be developed into anything meaningful. And use for purpose of trying to scam parties into making investments that will have No meaningful Return. I will avoid this or anything in Indonesia without first getting a professional involve. There are much better alternatives then any of these Fuzzy Indonesia island

The two comments above paint a very negative picture of the Fantasy Island project in Batam and the companies involved, especially PT Batam Island Marina. Both individuals claim that the project is a massive fraud that has harmed many investors. The Fantasy Island project is strongly suspected of being a fraudulent scheme designed to profit from investors. Sweet promises such as rapid construction, luxurious facilities, and high investment returns have not materialized. This case has the potential to damage Indonesia's reputation in the eyes of foreign investors, especially regarding property investment on islands. This case will further strengthen investors' distrust of property projects in Indonesia, especially those involving islands. This case should be a momentum for the government to strengthen regulations related to property investment, especially in tourist areas.

This aims to protect consumers and prevent similar cases from happening again in the future. One of the main factors in the failure of Fantasy Island was the lack of proper planning. Although the concept is interesting, the implementation of this project does not seem to consider important factors such as infrastructure, accessibility, and realistic market demand. Funtasy Island is located on a relatively remote island, and despite its proximity to Singapore, access to the island still requires special transportation, which is not easy for regular tourists. The project faced serious financial constraints. The huge development costs were not matched by stable funding. The initial investment may have been enough to get construction started, but continued funding seemed unattainable. Lack of financial support caused the project to stall, and many

facilities were never fully completed. Funtasy Island's target market was primarily international tourists, especially from Singapore. However, the tourism market in the region is highly competitive, with many other destinations that are more established and easily accessible. Funtasy Island's inability to differentiate itself from similar destinations and attract sufficient visitors also contributed to its failure.

Large projects such as Funtasy Island often require permits and approvals from various parties. Potential regulatory issues and unfulfilled permits could be another factor that caused the project to stall. Compliance with regulations related to land, environment, and investment may be obstacles that were not addressed properly.

The failure of management to oversee the construction and management of the project was also a major cause of the failure of Funtasy Island. Without competent management, the project could not develop according to the initial plan. Lack of supervision, unclear business strategy, and inability to face daily operational challenges also worsened the situation.

The failure of Funtasy Island had a significant impact on the local environment, investment and tourism sector in Batam. In addition to hampering the potential for developing eco-tourism, the abandoned project also left financial losses for investors and the surrounding community. The island is now in a state of disrepair, with many buildings half-finished or unused.

Comparison of Cempedak Private Island and Funtasy Island

This study analyzes two main case studies, namely Cempedak Private Island and Funtasy Island, to evaluate whether private island development can be considered as a future investment or an environmental threat. The results of this study are described based on several key indicators: environmental sustainability, project management and planning, and social and economic impacts.

Environmental Sustainability

Cempedak Private Island has successfully implemented ecotourism principles throughout its development and operations. The use of natural building materials such as bamboo and local wood, solar power systems, and efficient waste management initiatives demonstrate a real commitment to environmental conservation. The resort is also active in protecting the marine ecosystem, especially the surrounding coral reefs and wildlife. As a result, Cempedak has gained international recognition as a successful example of sustainable tourism development.

Funtasy Island, on the other hand, faces major issues related to environmental sustainability. This project, although initially promoted as the world's largest ecotourism, failed in its implementation. The infrastructure built was not environmentally friendly, and most of the island was degraded due to uncontrolled development activities. The results of this study indicate that Funtasy Island not only failed in terms of sustainability, but also left a significant negative impact on the local ecosystem.

Project Management and Planning

Cempedak Private Island demonstrates thorough planning and efficient project management. The island management prioritizes an approach that focuses on nature conservation and sustainable luxury experiences for tourists. The involvement of local communities in the operation and development of the resort also adds value to long-term development. As a result, Cempedak has achieved operational stability and gained sustainable economic benefits.

Funtasy Island experienced various management problems that ultimately led to the failure of the project. In addition to failing to complete the promised infrastructure, the project also faced legal and financial problems related to fraud against investors. The results of this case study show that poor planning and non-transparent management can cause an ambitious project to turn into a major failure.

Social and Economic Impacts

Cempedak Private Island has had a positive impact on the local community, especially by providing employment and encouraging their participation in conservation activities. The direct economic impact is seen from the high interest of tourists, especially from Singapore, who bring in foreign exchange and create economic stability for the surrounding area. As a result, Cempedak is considered an exclusive tourism model that not only benefits investors, but also the local community.

Fantasy Island, on the other hand, has had a significant negative impact. In addition to failing to provide the promised economic benefits, the project has also caused dissatisfaction among local communities because there were no real benefits from the investment that came in. The results of the study show that this project not only harmed investors, but also worsened relations with the local community that was originally expected to benefit from the development of the island.

Theoretical Implications

This study contributes to the theoretical discourse on sustainable tourism by applying and validating the ESG (Environmental, Social, Governance) framework in the analysis of private island tourism development. It demonstrates that the ESG framework is an effective tool to assess sustainability performance in island-based tourism ventures, where ecological sensitivity and governance capacity are critical. The contrast between the success of Cempedak Private Island and the failure of Fantasy Island provides theoretical support for integrated development models that combine environmental conservation, social inclusion, and good governance. Specifically, the study shows how local community engagement, use of renewable resources, and long-term planning contribute to destination resilience and investment sustainability.

Moreover, this research extends the literature on small island tourism by positioning private islands not only as economic assets but also as socio-environmental systems that require adaptive governance strategies. It underlines that theoretical frameworks of sustainable tourism must be context-sensitive, especially in ecologically fragile and regulatory-complex environments. However, the implications of this study are bounded by its limited geographic scope and case selection. The findings are based on two islands in Indonesia and may not fully apply to other regions with different socio-political contexts or tourism markets. Therefore, broader comparative studies are needed to generalize the theoretical insights derived here and to refine the ESG framework for diverse island tourism contexts.

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