

STRATEGIC MANAGEMENT OF THE BERAU DISTRICT GOVERNMENT IN RESPONSE TO THE IMPACT OF THE ISSUANCE OF THE MINERAL AND COAL POLICY ON COMMUNITY WELFARE

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ABSTRACT

Strategic management in government is a systematic process of formulating, implementing, and evaluating key decisions taken by the government to achieve its strategic objectives. These objectives may include improving people's welfare, developing infrastructure, reforming the bureaucracy, or achieving other long-term visions. This research uses a qualitative approach using descriptive methods to obtain an in-depth understanding of the Strategic Management of the Berau Regency Government in responding to the impact of the issuance of Mineral and Coal, the *Undang-Undang No. 3 Tahun 2020* on community welfare from 2020 to 2022 in the form of public policy. The sources of information in this research are Berau Regency *DPMTSP* employees and Berau Regency *DPRD* members. Information collection was conducted through interviews, observation and documentation. The results of this study indicate that the Strategic Management carried out by the Berau district government through the Berau *DPMTSP* office and the Berau district *DPRD* has not run optimally. This is because the *DPMTSP* Office as the executive in the government and the *DPRD* of Berau Regency as the legislative body of the government in Berau Regency are not given enough space and authority in the management of natural resources in the region, especially in terms of mining, this is caused by regulations from the central government that limit the authority and involvement of local governments in the management of mining and mineral natural resources in Berau Regency.

Keywords: *Strategic Management, Public Policy, Berau Regency Government, Minerals and Coal, Community Welfare*

A. INTRODUCTION

Indonesia is a country rich in natural resources, both biological and non-biological natural resources. One of the natural resources owned by Indonesia is the natural wealth of mining goods which includes gold, silver, copper, oil and gas (*Migas*), coal and others. Based on data reported by the International Energy Agency in 2022, Indonesia is in third place as the country with the largest coal producer in the world with 615 million tons (databoks.katadata.co.id, 2015). Of course, based on the results of this data, Indonesia should be able to become a country that has the potential to provide growth and progress both for its territory and for its people. Based on the *Undang-Undang Dasar Republik Indonesia Tahun 1945*, article 33, paragraph 3 states that:

"The land, water, and natural resources contained therein shall be under the control of the state and shall be utilized to the greatest extent for the prosperity of the people".

Initially, mining management in Indonesia became the authority of each region in accordance with the principle of regional autonomy. This is stated in Chapter VI of the *Undang Dasar Republik Indonesia Tahun 1945* after the amendment regarding Regional Government. Article 18 paragraph (5) states that

"Regional Governments exercise the widest possible autonomy, except for Government affairs which are determined by law to be the affairs of the Central Government".

Regional Autonomy itself is the right, authority and obligation of autonomous regions to regulate and manage their own government affairs and local interests in accordance with the laws and regulations. This policy is further strengthened by the issuance of the *Undang-Undang No. 4 Tahun 2009* on Minerals and Coal which emphasizes that regions are given the authority to manage and manage mining in their respective regions.

However, during its eleven-year journey, the government assessed that the law on mineral and coal was less effective so that the central government considered this law needed to be revised and improved, (Indonesia's mining sector is less competitive, cnbcindonesia.co.id, 2019). With the issuance of *Undang-Undang No. 3 Tahun 2020* concerning minerals and coal as a revision and improvement of the previous law, the authority regarding mining management began to shift, in this case the central government took over the authority to manage mineral and coal mining from local governments. This means that mining management throughout Indonesia is now uniformly regulated by the central government.

Behind every newly established policy, of course, there are various pros and cons, including that the central government considers that since the *Undang-Undang No. 3 Tahun 2020* on Minerals was passed slowly the country can feel the impact of increased productivity. The following is a comparative amount of coal productivity in Indonesia from 2010 - 2022, this data is obtained from data from the Central Statistics Agency in Indonesia:

Table 1. Total Coal Production in Indonesia each year.

Year of Production	Mineral Mine Goods	Total Production (Ton)
2010	Coal	325.325.793
2011	Coal	415.765.068
2012	Coal	466.307.241
2013	Coal	458.462.513
2014	Coal	435.742.874
2015	Coal	405.871.432
2016	Coal	-
2017	Coal	461.087.221
2018	Coal	557.983.706
2019	Coal	616.154.054
2020	Coal	565.640.928
2021	Coal	614.058.577
2022	Coal	687.402.285

Source: (Processed by researchers, 2024)

From this data it can be seen that since the *Undang-Undang No. 3 Tahun 2020* was enacted, there has been a significant increase in the amount of coal production in a period of 2 years. this also turns out to have an impact on the region where in this case East Kalimantan as an area in Indonesia that has the largest coal reserves in Indonesia also feels the impact of the enactment of this mineral and coal law, such as an increase in the amount of production following the table comparison of the amount of coal production in East Kalimantan from 2019 – 2021.

Table 2. Total Coal Production in East Kalimantan by year.

Type of Coal Company	Coal Production (Ton)		
	2019	2020	2021
PKP2B Company	147 345 965,01	121 447 164,00	73 959 294,46
IUP Company	95 807 903,93	84 583 158,65	220 293 507,22
Total Coal Production	243 153 868,94	206 030 322,65	294 252 801,68

Data revised in reference to East Kalimantan SIDATA 2021 data is provisional as of November 2021.

Source: Energy and Mineral Resources Office of East Kalimantan Province

When referring to the data above, it shows a large number and of course based on the results of this data, the region should be able to provide potential growth and progress for both the region and its people. Berau Regency, in this case being one of the regions in East Kalimantan as a producer and owner of coal

reserves, also feels the impact of the issuance of the *Undang-Undang No. 3 Tahun 2020* on Mineral and Coal, especially the impact on the welfare of the people in the region.

While there is an increase in the amount of coal production, Berau Regency is one of the coal-producing regions and the majority of this natural resource product is one of the pillars of the regional economy. However, the fact that is an interesting concern is that behind the increase in coal production in 2022 the welfare conditions of the people of Berau district have decreased, where the data that researchers cite from the Berau Regency Central Statistics Agency data in the 2015- 2023 period about the number of poor people in Berau district. Especially from 2020 to 2022 the poverty rate in Berau district continued to increase.

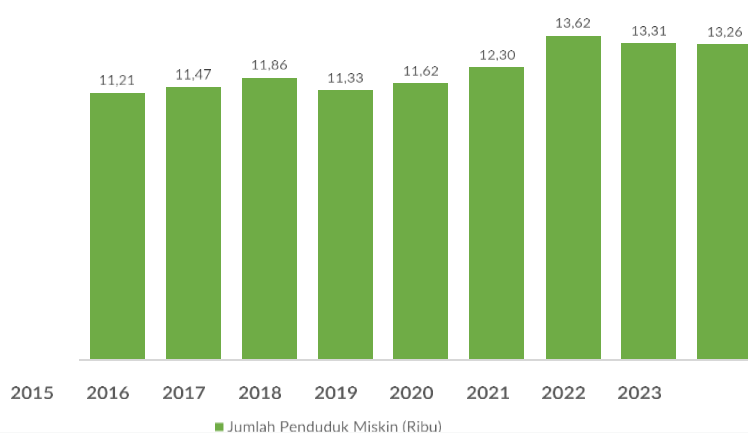


Figure: The number of poor people in Berau Regency from year to year

The data above is interesting in that Berau Regency as a region in East Kalimantan, which has an area of 13.92% of the area of East Kalimantan, regularly contributes more than 60% of the Gross Regional Domestic Product (GRDP) and coal royalties, which is about a quarter of the total district income given to the central government. Since the issuance of the *Undang-Undang No. 3 Tahun 2020* concerning minerals and coal, it can be seen that it has had a significant impact on regions, especially coal-producing regions. According to researchers, the government in Berau Regency, in this case the *DPMPSTP* Office and the Berau Regency *DPRD*, must develop a strategy that can benefit, and overcome problems in the region accurately and in accordance with the needs of the region.

Mulgan argues that public strategy is the systematic use of resources and public power by public bodies to achieve goals. The intended goal is to deal with the problem of revocation of local government authority on licensing and mining management in the region. Of course, to respond to all of this, strategic management is needed in improving the welfare of the community by utilizing the potential of existing natural resources and always being renewed on an ongoing basis and using them wisely. Based on the theory of David Hunger & Thomas L. Wheelen there are 4 basic elements in the strategic management process including: Environmental Observation, Strategy Formulation, Strategy Implementation, and Evaluation and Control (Wheelen J.H., 2005).

B. LITERATURE REVIEW

Strategic Management

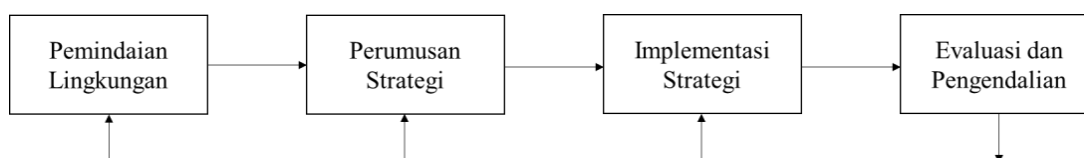
According to Wheelen & Hunger (2015: 37) strategic management is a series of decisions and actions that result in the formulation (formulation) and implementation (implementation) of plans designed to achieve company goals. Strategic management is the art and science of preparing, implementing, and evaluating cross-functional decisions that can enable a company to achieve its goals. Strategic management is also concerned with the long-term direction and success of an organization. It involves formulating and implementing strategies that align an organization's resources and capabilities with its external environment to gain a sustainable competitive advantage.

In a study conducted by Cheng et al. (2014), the application of strategic management has an important role in the development of micro small medium enterprises in Malaysia, especially at the strategy formulation stage. In this case, strategic management has a forward-looking direction and involves decisions about the vision, mission, goals, and objectives of the organization.

Key Stages of Strategic Management

The strategic management process is basically concerned with defining the organization's strategy, where managers make choices from a set of strategies for the company that will promote better organizational performance. These steps are important components that are required in chronological order when creating a strategic management plan. According to Wheelen & Hunger, strategic management consists of four basic elements consisting of Environmental Scanning, Strategy Formulation, Strategy Implementation, and Evaluation and Control.

Basic Elements of the Strategic Management Process



Source: Wheelen & Hunger (2015)

C. METHOD

The research design that researchers use in this study is a descriptive method using a qualitative approach, descriptive is a problem formulation that guides research to explore or portray the social situation to be studied thoroughly, broadly and in depth, in line with this, the descriptive method with a qualitative approach is a research procedure that produces data in the form of written or spoken words from people and observed behavior. In this case the researcher describes how Strategic Management in the Berau Regency government studies the Berau Regency Regional Government in 2020-2022 through four basic elements, namely Environmental Scanning, Strategy Formulation, Strategy Implementation, and Evaluation and Control. The data collection techniques used in this research are in the form of literature studies, by collecting, reviewing, and

analyzing existing data that researchers have obtained, both in the form of books and journals which are certainly related to this research. Then field studies by conducting observations, interviews, and document of the subjects and objects of this research. Meanwhile, informants who support this research are categorized into two, including the Berau Regency Investment and One-Stop Integrated Service Office Apparatus and Berau Regency *DPRD* Members.

D. EXPLANATION

In researching problems related to the *Undang-Undang No. 3 Tahun 2020* Mineral and Coal, policy that has an impact on the region, the author uses the strategic management theory model from Wheelen & Hunger (2015: 48), in terms of strategy formulation. The strategy formulation in question is the development of a long-term plan from the local government; in this case the One-Stop Integrated Investment and Service Office (*DPMPTSP*), for effective management of environmental opportunities and threats, taking into account the strengths and weaknesses of the organization. Strategy formulation also includes defining the vision, mission of the organization, to determine achievable goals, develop strategies and establish policy guidelines (Wheelen & Hunger, 2015: 51).

Vision and Mission

Vision describes the future success to be achieved, a period of 10-20 years; even 50 years go (Luis et al, 2011: 43). The vision statement presents the company's strategic intent that focuses the company's energy and resources on achieving the desired future.

In supporting the achievement of the vision and mission of Berau Regency, especially in the mission to increase empowerment at the regency level and empowerment for its people through clean, authoritative, transparent and accountable governance, the Berau Regency Investment and One-Stop Integrated Services (*DPMPTSP*) Office as one of the *OPDs* in Berau Regency carries a vision: "The realization of excellent one-stop services in supporting the growth of investment in Berau Regency".

In line with the vision above, *DPMPTSP* also has a mission that serves as the first step in the process of developing strategies that will be carried out, including:

1. Provide easy and transparent public services
2. Encourage the realization of Berau Regency as an attractive and competitive investment area.
3. Improve the quality of human resources in realizing quality services
4. Prepare the availability of representative licensing service facilities and infrastructure

The mission is the first step in the corporate strategy development process. Therefore, an effective mission will greatly assist an agency in formulating its strategy.

Objectives to be achieved

The statement of objectives is a description of the vision that becomes a concrete and measurable medium-term goal. The statement of purpose is a "snapshot" of what is expected in the vision and mission for the next 3-5 years and

is a journey to achieve the vision. Since the statement of objectives is a medium-term picture of the journey to achieve the vision, the targets created the statement of objectives needs to reflect the future state that the company wants to achieve in a concrete and measurable manner. By looking at the level of achievement of the statement of objectives, management can assess how well the organization has led to the vision to be achieved (Luis et al, 2011: 45).

In this case, the purpose of preparing this vision and mission is as a reference for the Berau Regency government in implementing development and empowerment programs for its human resources. The existence of this vision and mission is intended to provide guidance/reference for the Berau Regency Government, especially the Community Empowerment and One-Stop Integrated Service Office in implementing development programs through a well-managed funding system and empowerment plan.

Public Policy

In the *Peraturan Menteri Reformasi Administrasi dan Birokrasi Republik Indonesia No. 4 Tahun 2007* concerning general guidelines for the formulation, implementation, performance evaluation and revision of public policies within central and regional government agencies, public policy is a decision made by the government or government agencies to overcome certain problems, to carry out certain activities or to achieve certain goals related to the interests and benefits of many people.

As a guideline for the implementation of the Strategic Management work plan, the Berau Regency government, in this case the *DPMPTSP* Office, has established a Road Map related to improving the welfare of its people through various opportunities, including investment opportunities in the Mineral and Coal sector in Berau Regency from 2021 - 2026. The focus on community empowerment in the Berau Regency area is one of them through the development of mining allotment areas In accordance with the *RPJMD* of Berau Regency for 2021 - 2026, the mining allotment area consists of three areas, namely the mining allotment area is grouped into 3, namely: 1) Coal Mining Business Area. 2) Metal Mineral Business Area. 3) Non-Metal Mineral and Rock Business Areas.

The formulation of this policy direction is directed at improving the investment climate in Berau Regency, which has an impact on budget income to the regency and is useful for empowering and improving the welfare of its people. By knowing how the distribution of investment with a focus on developing the potential that exists in the region is expected to synergize and be environmentally sound so that in the future it can continue to be sustainable without having to put aside environmental aspects. The policy direction is also expected to facilitate investment in investment, promotion and increase investment cooperation in order to advance the economy in Berau Regency.

The below conditions can be expressed in the following table.

Table 3: Potential Mining Areas in Berau Regency

Commodity Groups (based on PP 23/2010)	Commodity Type	District
Coal Mining	Coal	Biatan sub-district; Biduk Biduk sub-district; Gunung Tabur sub-district; Kelay sub- district; Derawan Island sub- district; Sambaliung sub- district; Segah sub-district; Tabalar sub-district; Tanjung Redeb sub-district and Teluk sub-district.
Metal Minerals	Gold, Galena and Zinc	Kelay, Segah, and Tabalar sub-districts
Non-metallic Minerals	Quartz sand, dolomite, calcite, limestone for cement and clay	Gunung Tabur Sub-district, Derawan Island Sub-district and Segah Sub-district
Rocks	Granite, granodiorite, andesite, dredge spoils, quartz crystals, river pebbles, river stones, local spoils, limestone, marine sand	Kecamatan Kelay, Kecamatan Segah (granite and granodiortite, crystalline quartz)

Investment policy in Berau Regency is directed at managing investment climate improvement, which requires managerial skills to keep the investment climate conducive. The capabilities referred to above include:

1. Maintain harmonious relations with the Central Government and East Kalimantan Provincial Government as part of internal coordination.
2. Ability to solve problems that require quick and precise resolution.
3. Can complete the physical realization program funded by investment in a timely manner.
4. Able to keep fiscal and monetary stability under control.
5. Make a number of breakthroughs or innovations that effectively attract investors.

Investment is one of the strategic factors in economic activity. Investment is also commonly referred to as capital investment and investment is the activity of investing money or capital (valuable assets) for the purpose of making a profit. Parties or people who make investments are called investors. Investment itself is one component of income. One of driving factors for the welfare of society, where investment is very influential on the economic growth of a region.

E. CLOSING

Conclusion

Since the issuance of the *Undang-Undang No. 3 Tahun 2020* concerning Mineral and Coal, the region has felt the impact of the issuance of the regulation. Berau Regency as a coal mining producing area actually experiences a unique thing where when there is an increase in coal production and coal export prices are getting higher in 2021-2023, Berau Regency actually experiences the phenomenon of increasing the poverty rate of its population which is influenced by several factors, namely, since the enactment of Law No. 3 of 2020 concerning mineral and coal, the regions are very limited in their involvement in managing and obtaining the results of mining management in the region, while Berau Regency is an area whose economy is mostly supported by the natural resource sector in the form of mining products, then the local government and mining companies are still hesitant to carry out cooperation programs because there is no clear legal certainty that oversees the cooperation. Regions are not given authority in terms of managing their mining areas, even though those who best understand the needs and management of mining in their area so that it can have an impact on the region and its people are the regions themselves.

Suggestion

So to overcome the existing problems, the Berau government in this case implements a strategy that can have an impact on improving development and community empowerment in Berau Regency, this strategy shows the characteristics of the main elements in strategic management including the aspect of scanning or monitoring the environment before setting government policies to monitor first why there can be a decline in investment interest in Berau Regency and also followed by an increase in poverty rates among the people in Berau Regency, What is the educational background of the community, what is the unemployment rate in Berau and why does this happen, what are the environmental conditions and employment opportunities available in Berau and what are the solutions from the local government and mining companies in the region to work together to improve the welfare of the people in the region. From these monitoring activities, the government can evaluate environmental conditions both internally and externally. After understanding the environmental conditions, the government can then start formulating strategies by setting a mission and vision, goals, and determining policies as general guidelines for decision making that link strategy formulation with implementation. Then the policy is implemented by involving the management of stakeholder relationships and policy implementation resources. After the policy is implemented, it is necessary to continue to evaluate and control so that the policy can continue to run.

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