

Institutional Analysis Of Policy In Asphalt Mining District Buton Southeast Sulawesi Province Indonesia

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Abstract: This study aims to determine the institutional form of formal, informal institutional and transaction costs in mining policy implementation asphalt in Buton with reference to the institutional theory. This study used a qualitative research method with a case study approach. The technique of collecting data through in-depth interviews and documentation. Data were analyzed by using data reduction, data presentation, verification or conclusion. The results showed that the formal institutional policies asphalt mining in Buton form of government regulations that are divided into three levels of regulation of the central government regulations, Southeast Sulawesi Provincial Government and Local Government Buton, the agreement in the form of agreement/*mou* between local government and entrepreneurs asphalt, and contract in the form of mining license. Transaction costs in mining policy implementation Buton asphalt in the form of information search costs, the cost of negotiation and execution of the contract, the cost of enforcement and supervision of contract and non-market transactions costs into additional transaction costs in asphalt mining policy implementation.

Index Terms: Institutional, Institutional Formal, Contract, Transaction Costs.

1. INTRODUCTION

Policies and institutions (institutions) are difficult to separate. Good policy but bad based institutional policy will not achieve maximum results. Vice versa, institutional good but does not support the policy also makes it difficult to achieve the policy objectives as expected. Institutional, or institutions, generally regarded only as an organization, container or institutions. Meanwhile, the organization is simply the container only, while understanding the institute include also the rules, ethics, code of ethics, attitudes and behavior of a person or an organization or a system. Institutional and policy has always been an important issue in the management of mining or natural resource management and development in general. History shows that in developed countries is the key institutions of the successful management of the state, development, market, trade or business. So far, the government tends to be more emphasis on economic development with emphasis on the development of physical infrastructure, technology, economics and politics. Less attention to the development of institutional infrastructure (institutions). On the other hand tend to be inconsistent government policies, ever-changing and difficult to implement in full. It requires serious attention, because basically almost all development failure stems from two fundamental problems, namely the failure of the policy and institutional failures.

Policy management of mining in Indonesia is regulated by Law No. 4 of 2009 on Mineral and Coal Mining (Mining Law), replacing Act No. 11 of 1967 on Basic Provisions of Mining. A fundamental change is happening is a change of system work contracts and agreements into a licensing system, so that the Government is no longer in a position that is parallel to the businesses and become parties consent to businesses in industry mineral and coal mining. Buton is one of the administrative regions of Southeast Sulawesi province which has the potential of Natural Resources (SDA) is quite large and promising to community life. Sufficient natural SDA available in Buton is mine Asphalt. However, where mining asphalt in Buton has not brought prosperity to the people of Buton Based on the description above, this study examines institutional policies in Buton Asphalt Mining Southeast Sulawesi province in the perspective of public administration.

2. THEORETICAL REVIEW

Attention to institute fairly constant over time despite the use of different terms (Scott, 2008: 8)[1]. Through a theoretical approach behavior (behavioral theory) and rational choice theory (rational choice theory), studies become more micro-institutional and individual. The existence of Institutional Economics flow (Institutional Economics) is a reaction of dissatisfaction with the neoclassical school, which is actually a continuation of the flow of Classical economics. According Hasibuan (2003)[2] main core flow Institutional economy is seeing economics with a unity of social sciences, such as psychology, sociology, politics, anthropology, history and law. Landreth and Colander (1994)[3] divides the flow Institutional economic figures in three categories, namely traditional, quasi and neo. Yustika (2006)[4] divides the institutional flow into the old institutional economics (old institutional economics) and new institutional economics (new institutional economics). Combining these two views, the first to be put forward flow Institutional economy long, quasi second, and the third stream of new institutional economics. According to Yustika (2006[4]), in recent years have occurred in common the idea that their stretcher was then considered to be one umbrella called NIE. Broadly speaking, the NIE itself is an attempt resistance against and

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at the same time the development of neoclassical economic ideas, although it still can be affected by ideology and politics that exist in each of thinkers. Douglass C. North defines institutions as the boundaries are made to form a pattern of a harmonious interaction between individuals in political interaction, social and economic (North, 1990)[5]. In line with the North, Schmid (1972)[6] defines institutions as a number of regulations in a society, group or community, which regulates the rights, obligations, responsibilities, both as individuals nor as a group. Meanwhile, according Schotter (1981), the institutional regulation of human behavior that is agreed upon by all members of the community and is a stylistic interaction in certain situations are repeated. According to Knight (1992)[7], institutions are a set of rules that establish the structure of interaction within a community. While Ostrom (1990)[8] defines institutions as rules that apply in the community (arena) that determines who is entitled to make decisions, what action can and can not do, what the generally accepted rules of society, what procedures must be followed, what information should or may not be available and what benefits the individual will receive as a result of their actions. In short, institutions are the rules that apply in the community agreed upon by members of the community as something that must be followed and adhered to (have a sanctioned strength) with the purpose of creation of regularity and certainty of interaction among members of society. Interaction is related to economic activity, political and social. Based on its form (written/unwritten) North (1990)[5] divides into two institutions: informal and formal. Institutional informal institutional presence in the community generally unwritten. Customs, traditions, taboos, agreements, conventions and the like with a variety of names and designations classified as informal institutions. While formal institutions are written rules such as legislation, agreements (agreements), contractual agreements, regulatory economics, business, politics and others. Agreements that apply both at the level of international, national, regional and local included in the formal institutional. Sometimes formal institution is the result of the evolution of informal institutions. The changes are a response to changes in the life of a simple society towards a more complex society. Can also be regarded as a claim for the changing times and the dynamics of life. Traditional society with a completely simple life with very minimal potential conflict would not require detailed written rules. As with the modern society with all the complexities of life. Kasper and Manfred (1998)[9] in his book entitled Institutional Economics, Social Order and Public Policy institutional divide based on the emergence into two, namely internal and external institutions. Internal institution is the institution that grew from the culture as the values of local wisdom living in the community. External Institution is an institution created by outsiders / third which is then applied to a particular community. Government regulation of products including external institutions. Whatever its form, both formal and informal, internal or external institutional aims to reduce uncertainty through the establishment of structures / patterns of interaction (North, 1990)[5] or to increase the degree of certainty in the interaction between individuals (Kasper and Manfred 1998)[9]. Meanwhile, according to Ostrom (1990)[8] institutional goal is to direct the behavior of individuals in the direction desired by the community members as well as to improve certainty and

order in society and reduce opportunistic behavior. In addition, institutions must also be able to limit human behavior tend to think strategically, and put rational self-interest and should be able to distribute economic resources in a fair and equitable (Libecap, 1989)[10]. Institutional (both formal and informal) to be important for development when many parties interact (transaction) to play their respective roles. Problems of information and law enforcement (enforcement) to be the cause of high transaction costs (transaction costs) ushered parties. Institutions present to reduce the uncertainty in the exchange (transactions) and along with the use of technology, the institution will determine the transaction costs (North, 1990)[5]. Good institutions will encourage transactions carried out effectively and efficiently so as to reduce transaction costs by improving access to and quality of information and encourage the establishment of rules. Even North (1990)[5] adds that institutions are reasonably likely to have lower transaction costs, but in some cases can increase transaction costs due to regulations that inhibit the entry of businesses, which do not require inspection beneficial, increasing the cost of information or make asset transaction is not guaranteed. Williamson (2000)[11] stated that the institutional arrangement of the institution include (institutional arrangement) to integrate organizations and institutions. Institutional arrangement is an arrangement of the relationship between economic units that regulate how these units can work together and whether or compete. In this approach the organization is a question about the actor or actors of the economy where there is a contract or transaction carried out and the main purpose of the contract is to reduce transaction costs. Many people who equate institutional/agency with the organization. This equation is not an absolute one but also not always true depending on the context. However, for the purposes of the analysis of the two must be clearly distinguished. Institutional equate with the organization in the context of institutional economics is misleading. And it has been commonly found in scientific papers institutional analysis but misdirected. North (1990)[5] defines the organization as a building/container where humans interact, such as political, economic, religious, educational, sports and others. That is, a collection of individuals bound by a common goal and strive to achieve these goals as a common interest. North illustrate the organization with team sports (football, basketball), where many people are involved either as a coach, official organizations, players, and others with the goal of how to win every game. While the agency is a set of rules that apply in every game that must be adhered to both by players, coaches and other stakeholders. Ambiguity agencies will cause the game goes awry and the goal of winning every game that is targeted by a team will not be achieved with either. Uphopf (2002)[12] classifies institutions into three groups, namely the institution is not an organization, institution organization and vice versa (also institutional organizations), and non-institutional organizations. The system of land ownership (land tenure system), law, marriage, money, and the bargaining power of the group (collective bargaining power) is an example of the first group; family, the Supreme Court, and national banks (like Bank Indonesia) examples of the latter; and regional banks, companies and organizations providing consulting services is an example of an organization that is not an

institution. Organizations and institutions can also be seen from the degree of strength and weakness. An organization is said to be strong (well organized) if he is well-organized, productive, efficient, and resilient. Otherwise, it is said that a weak organization (less/weak organized). Likewise, the agency said to be strong (more institutionalized) if it can work well, well enforced, respected, and effective. And, said weak institutions, less institutionalized (less institutionalized) if the circumstances indicate otherwise. From the definitions and examples of the above it is clear there is a difference of meaning between institutions and organizations. The difference is very important in understanding the institutional context in which the institution within the meaning of the rules will greatly affect the performance/performance of the organization. Effectiveness /strong of an organization is influenced by the clarity of the rules that bind every member of the organization. According to Scott (2008)[1] in the new institutional theory (neoinstitutional theory) about how to use the new institutional approach in studying the sociology of organizations. Theoretical roots derived from cognitive theory, cultural theory, and phenomenology and ethnomethodology. There are three elements that build institutional analysis although sometimes there are dominant, but they work in combination. All three come from differences in the perception of the nature of social reality and social order in the tradition of previous sociology. The third element is the regulatory aspect, the normative aspect, and cultural-cognitive aspects.

3. RESEARCH METHODS

This research is a qualitative study using a case study approach of institutional analysis in Asphalt mining policy implementation in Buton. The case study is an approach to study, explain, or interpret a case in a natural context without any external intervention conducted by researchers through direct observation in the field, studying the policy documents and conduct in-depth interviews. This study describes about how institutions in the implementation of mining policy asphalt in Buton. Location research in Buton Southeast Sulawesi Province, This determination was based on several considerations, Buton as one of the districts in Southeast Sulawesi Province which has enough potential and meet the requirements to be a development area of mining activity. Research carried out on: 1) the Office of the Department of Mines and Energy Buton, 2) Revenue Service Buton, 3) Environment Agency Buton, 4) Community landowners and communities around the mining area of asphalt, 5) the Chairman or the Board Institute of Indigenous Parabela, 6) Local Company and another company that manage the asphalt. Informants in qualitative research is not focused on the number that represents the subject as a whole, but the representation of the characteristics of the study subjects. This means that the informants were selected that know in depth the problems studied. Informants can be divided into two, namely the initial informant and key informants. Initial informants are chosen because he knows or can appoint people who are considered to be more informed about the issues that have been studied. Thus the choice of informants can be developed in accordance with the instructions initial informant. Key informants are parties or persons who are considered to have information or knowledge on issues that

have been studied, and is precisely what is becoming informants research. Based on the above, the subject (the informant) in this study is a component and stakeholder selected as a data source that is Regent Buton, Head of Mining and Energy Buton, Head of the Environment Agency Buton, Chief Revenue Service Buton, Chairman of the Company area Buton, Mining Companies that invest in Asphalt, District Government about Asphalt Mine area, land owners and communities around mining sites Asphalt Society and Chairman / Board Institute of Indigenous Parabela.

4. RESULTS AND DISCUSSION

Buton are two (2) pieces of the island (the island of Buton and Muna) precisely located at the foot of the Southeast (South East Peninsula) Sulawesi Island. Geographically Buton located on the southern part of the equator stretching from West to East, even a relatively small area Kabaena still included in the post-expansion Buton with Bombana and Wakatobi. Buton officially parted ways with Bau-Bau as the capital of Buton based on the Law of the Republic of Indonesia Number 13 of 2001. This was followed by the expansion Bombana and Wakatobi and Bombana are based on the Law of the Republic of Indonesia Number 29 of 2004. As a result the area Buton after splitting the territory only covers 14 districts. Responding to these conditions and the aspirations of the community and the region grow and thrive in some areas through research and feasibility studies have established seven (7) new subdistrict. Formal institutions in the implementation of mining policy asphalt in Buton appropriate institutional theory North (1990)[5] in the form of (a) government regulation or government regulations such as laws, regulations, decisions and their public works ministry circular issued by the Ministry of Public Works, Provincial Regulation Southeast Sulawesi, Buton District Regulation, (b) agreements/MoU between local governments and companies, (c) contracts formalized in Buton Regents Decision on Mining Rights / Mining Permit. For ease of understanding, then in this dissertation, the author divides the formal institutional form of government regulation into three levels namely the regulations issued by the Central Government as an umbrella regulation of mining in general and specifically asphalt, regulations issued by the Government of Southeast Sulawesi Province as supporting regulatory and Regulations issued by the Regional Government of Buton as a source of technical and settings that are specific to the implementation of mining policy asphalt. Formal institutional theory North (1990)[5] puts the regulations issued by the government as a formal institution mentioned earlier. In this study the authors divide the mining regulations asphalt into three levels of regulation, according to sources who issued the regulation that regulations issued by the central government as the highest regulatory umbrella of a general nature about the mining and in particular on the utilization of Buton asphalt, regulations issued by the government of Southeast Sulawesi Province supporting regulations and technical regulations issued by the Regional Government of Buton that are more technical and specific. Law No. 4 of 2009 on Mineral and Coal is the parent regulation on mineral and coal mining sector is currently in effect. Law No. 4 of 2009 is then lowered into some government regulation as the implementing regulations. Law No. 4 of 2009 on Mineral and Coal is the

parent regulation on mineral and coal mining sector is currently in effect. Law No. 4 of 2009 is then lowered into some government regulation as the implementing regulations. Mining policy cannot be separated from the field of environmental policy and forestry. Under Law No. 32 of 2009 concerning the protection and management of the environment, described that environmental management is a systematic and integrated efforts are made to prevent pollution and / or damage to the environment. In relation to the mining environment can mean that management of the mining environment is a systematic and integrated efforts are made to prevent pollution and / or environmental damage caused by mining activities. Spirit contained in Regulation (Candy) Public Works No. 35 of 2006 concerning the utilization of Buton Asphalt for national road is cool for mining Asphalt Buton, so that the existence of this rule immediately addressed by the Provincial Government of Southeast Sulawesi. Provincial Government of Southeast Sulawesi (Sulawesi) policy issued in the form of Regulation (Regulation) No. 2 of 2010 regarding the use of Asphalt Buton for the construction and maintenance of provincial roads and districts in Southeast Sulawesi as concrete measures addressing Regulation Public Works No. 35 of 2006. Regional Regulation No. 2 of 2010 on the use of Buton asphalt for construction and maintenance of provincial and district roads in southeast Sulawesi is a direct descendant to address and operationalize the ministerial regulation (Candy) No. 35 of 2006 on the use of the ministry of public works in the Buton Asphalt Construction of National Road. This regulation emphasizes that the use of Buton asphalt is a priority on all roads in the region of Southeast Sulawesi even for district / city wearing Buton asphalt paving by 25% in the path, can be given subsidies by the Provincial Government of Southeast Sulawesi (Southeast Sulawesi), which is determined by the policy governor. Local regulations (regulations) is concrete evidence that the government of Southeast Sulawesi province has a serious attitude and commitment in the utilization of Buton asphalt as local products which boast. Asphalt mining regulation at the local level in the form of a formal institutional regulation in Buton asphalt mining in this study consisted of Regulation (Regulation) Buton District No. 7 of 2003 on the General Mining and Regulation (Regulation) Buton District No. 11 of 2007 about setting Processing, Production and Export Trade between the island and Buton Asphalt. In Asphalt mining policy implementation in Buton, in addition to the rules set out in the Mining Authority / Mining Business Permit held as a contract for the execution of the contract in the mining policy asphalt in Buton are additional contracts in the form of a joint agreement between the parties with local government manager bitumen mining company known by the House of Representatives (DPRD) of the Provincial Revenue Buton on Transportation and Sales Results Asphalt Processing Buton. So far the government has been trying to make the rules of the game in the form of legal products for mining activities. The regulation was issued with the intention to serve as a handle legal for employers, the community and the government itself. It is expected that mining activities can provide a win win situation for all parties benefit. Decentralization of government issued a number of regulations in the field of mining, namely Law No. 4 of 2009 on Mineral and Coal. Then this law is applicable confirmed in Government Regulation No. 22 of 2010 concerning

mining area; Government Regulation No. 23 of 2010 on the Implementation of Mineral and Coal Mining Enterprises; Government Regulation No. 55 of 2010 on Development and Monitoring Management of Mineral and Coal Mining Enterprises; and Government Regulation No. 78 Year 2010 on Reclamation and Mine Closure. This Regulation will then be contextualized in a number of Regional Regulations and Rules Governing / Head area. Regulations governing mining besides asphalt reinforcement in the form of Law and Government Regulation mentioned above as an umbrella national mining law, the ministerial level have also been published Candy PU No. 35 of 2006 concerning the use of asphalt Buton for national roads, while in the context of Sulawesi Southeast has published Southeast Sulawesi Provincial Regulation No. 2 of 2010 on the Use of Asphalt Buton For Provincial Road Development and Maintenance and Road district / city, and was followed by a number of regional regulations at the local level Local Ordinance Buton Regulation No. 11 of 2007 concerning the utilization of Asphalt Buton and Regional Regulation No. 17 of 2013 concerning the Establishment of the Regional Company Mining Mainawa. All things are regulated and mandated by the regulations must be implemented properly and correctly, so that mining activities will be run in accordance with the purpose of the constitution, to get the maximum benefit for the people's welfare. National mining policy that Act No. 4 of 2009 on mineral and coal mining as the highest legal umbrella has a direction and orientation of the enforcement of human rights and environmental protection. In the Regulation contains the main ideas are as follows: (i) Mineral and coal as a non-renewable resource controlled by the state and development as well as utilization implemented by the Government and local government together with businesses, (ii) mining business should provide benefits economic and social welfare of the greatest for the people of Indonesia. (iii) mining business should be able to accelerate the development of the region and encourage economic activity in the community / small and medium-sized businesses as well as encouraging the growth of the mining support industry. (iv) In order to establish sustainable development, mining activities should be carried out with due regard to environmental principles, transparency, and public participation.

5. CONCLUSION

Based on the results of research and discussion that has been conducted on Institutional Analysis in Asphalt Mining Policy Implementation in Buton Southeast Sulawesi Province, researchers can draw some conclusions, as follows: Institutional formal reference in the management of mining activities in Buton Asphalt is Regulation / Legislation government is divided into three levels of regulation of the regulations issued by the Central Government as an umbrella regulation of mining in general and specifically asphalt. Regulations issued by the Government of Southeast Sulawesi Province as supporting the regulation of Regulation (Regulation) Southeast Sulawesi Province No. 2 of 2010 on the Use of Buton asphalt for road construction and maintenance of provincial and district Southeast Sulawesi, and regulations issued by the local government as a source Buton settings that are specific technical and policy implementation asphalt mining as Regulation (Regulation) Buton District No. 7 of 2003 on the General Mining.

Agreement in the form of MoU or agreement between the Regional Government of the Company regarding the Regional Income on Sales Results Buton, Transportation and Processing Asphalt Buton. Contract form of mining license (IUP) asphalt issued by the regent regent by decree.

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