

# Transformation Of Central And Local Government Relation In Granting Permit For Industrial Plants To The Private In Riau Province

Zainal

**Abstract :** This study discusses the transformation of the relation between the central government and regional governments in granting permits for industrial plantations. The transformation referred here also explains the negative impacts of granting permit such as regulation change, authority change, nomenclature change, and interest change between the community and the company. This study uses a qualitative method. In order to collect the data, the researcher did direct observation, interview, and documentation, with an analysis unit of all stakeholders involved in granting the industrial plantation forest licenses to the private sector and the determination of informants carried out purposively. The results of this study indicated that the transformation of the relation between the central government and the local government. If it was seen from the aspect of the restructuring in broad outline changes in the forestry sector in Indonesia, it had experienced three phases. Firstly, the new order of forestry sector policy became the authority of the central government, secondly, after the policy reform, it was owned by the district government, yet after after the implementation of Law Number 23 of 2014 concerning the Regional Government, the authority belongs to the central government. The research conclusion obtained by the transformation of relation between the central and regional governments have not yet run as a whole in granting permit to industrial plantations for the private sector in Riau Province. Hence, it needs strengthening by the existence of a new dimension such as the dimension of intergovernmental relation, the dimension of good governance consisting of law enforcement and corruption prevention and the need for conflict resolution dimensions as a solution to the resolution of conflicts.

**Index Terms:** Transformation, Grant, and Conflict.

## 1 INTRODUCTION

The transformation of government relation in granting industrial plantation permit from changes in regulation (statutory regulation) that is automatic will also change government organization managing the forestry sector, change the authority of industrial plantation permit holders and the social impact of central and the regional government relation transformation. The previous research related to transformation has been carried out include: research by Arenawati (2017), Permana (2009) Pandie (2000), Riptono (2004), Supriyadi (2013), Redjo (2012), Rusfiana (2011), Murtala (2016) , Komara (2003), most of these researchers used the Goillart and Kelly (1995) transformation theory as an analysis of their research stating that transformation consisted of four dimensions, such as restructuring, reframing, revitalization and renewal. Based on previous research related to the transformation theory that was most widely used by previous researchers, the theory of transformation according to Gouillart and Kelly (1995) which revealed that transformation consisted of dimension of restructuring, reframing, revitalization and renewal, then the bureaucratic transformation theory from Osborn and Plastrik (2000) mentioning that transformation consisted of dimension of goal, incentive, empowerment, accountability and culture, and the theory of transformation according to Burke and Litwin (1992) stating that transformation consisted of external environment dimension, leadership, mission and strategy, and organizational culture.

The last transformation according to Oden (1999) was more specifically explaining the transformation that occurred from the aspect of leadership. From the theory of transformation that has been used in previous research, they could not touch the overall problem that occur in the context of granting industrial plantation permits as there were many actors who are interested each other, legislation change involving so many resources, the existence of accountability from the government and cooperation between the government sector and the public sector. Among various issues related to the existing forestry sector, the possible way to answer the issue of licensing industrial forest plantations for the private sector is the transformation of government relation initiated by Turner and Hulme (1997). This study is original since there is no previous researcher conducted its locus in Riau Province (especially in Kabupaten Meranti island and kabupaten Pelalawan). The issue discussed is the grant of industrial plantation forest licenses for the private sector and the theory used is the relation transformation initiated by Turner and Hulme (1997) consisting of five dimensions: dimension of restructuring, dimension of participation, dimension of human resource issue, dimension of accountability and the dimension of collaboration between the public and the private sector so that this research is relatively new in the field of governmental science. From the state of the art aspect, this study entered into the realm of governmental science as the researcher talked about the transformation of government relation from the aspect of authority in granting industrial forest plantation licenses to the private sector and those who felt the impact of granting these community permits. This research was interesting to study since the objects that would be analyzed were clear. Thus, the author wanted to conduct a study under the title "Transformation of Central Government and Local Government in Granting Industrial Plantation Forest Permits for Private sector in Riau province year 2010 – 2015

- Zainal, Lecturer in Government Science Study Program, Faculty of Social and Political Science, Universitas Islam Riau, email: zainal.ip@soc.uir.ac.id

## 2 LITERATURE REVIEW

### 2.1 THE TRANSFORMATION OF GOVERNMENT

In a more operational level the concept of transforming government relation is described in a number of changes. The transformation of government relation according to Turner and Hulme (1997: 107-129) is used as an entrance to analyze the Transformation of the Central Government and Local Government in granting Industrial Plantation Forest Permits to the private sector in Riau Province during 2010 - 2015 which include:

#### a. Restructuring Dimension

There is a restructuring in the transformation of government relation in order to increase the effectiveness and the efficiency of government organization aimed to facilitate relation between each level of government called the relation between the authority of the central government and the local government in terms of granting industrial plantation licenses to the private sector. The important point is that there have been several changes in the authority of the forestry sector in Indonesia. Some important components that are usually encountered in restructuring dimension are complexity, formalization and centralization. Complexity refers to the level of differentiation within an organization. Then, formalization refers to the extent to which work in the organization is able to run based on procedure and carry out the existing authority that is in accordance with prevailing laws, while centralization means the extent to which decision making related to the forestry sector is in accordance with the expectation of community around industrial forest.

#### b. Participation Dimension

Participation here is much related to the pattern of the implementation of governance which tends to use the top down pattern so that it does not involve the participation of the community. Hence, there will be arbitrary actions taken by policy makers towards the community and this has actually become a problem that has been diagnosed for a long time. Considering the participation of the community around the industrial plantation area, it is expected that the decision taken by the government really comes from the communities around the industrial forest concession area. The output of the participation of the forestry sector is decentralization given by the central government to local government and the relation between the bureaucracy and the people in the surrounding forest area.

#### c. Resource Issue Dimension

The resources in granting industrial forest plantations license are important considering that in this case it involves many actors who have different interests each other so that the government needs to carry out human resource development (HRD) and human resource management (HRM) due to the case of granting permits for industrial plantations. There are many actors outside the government who have different interest than others so that in order to deal with it, all resources must be needed in accordance with existing need.

#### d. Accountability Dimension

Accountability here is a driving force for actors to account for their performance in implementing public services. In traditional bureaucratic organization, accountability is applied

hierarchically to the highest official. The disadvantage found in practice is that there are patrimonial informal relations which actually hinder the performance of formal structures. Consequently, the accountability will only be focused on its patron and the need for public accountability is less concerned. The level of accountability will vary depending on the nature of the relation between politicians and bureaucrat.

#### e. Cooperation Dimension between Public and Private Sector

The participation of various public companies will encourage cooperation between public and private organizations in order to realize social welfare. The assumption is that the government must make the best effort to meet people's needs and provide broad opportunities for the community to choose the best service for the community.

## 3 RESEARCH METHOD

### 3.1 RESEARCH DESIGN

This study used qualitative method. This study described more on a phenomenon and does not make calculations using statistical numbers. Then Denzin and Guba in Salim (2001: 5) stated that qualitative research is a multiple method in focus that involves an interpretive and reasonable approach to each subject matter that occurs. This means that qualitative research works in a natural setting that seeks to understand, gives an interpretation of a phenomenon. Then Garna (1999: 32) mentioned that qualitative approach was characterized by research objectives seeking to understand symptom in such a way that they do not always require quantification or since they allow them to be accurately measured. All information obtained or revealed in the field, whether it was revealed from oral or written words from research informants and the type of data presented, served to reveal the results of research in this study.

### 3.2 ANALYSIS UNIT

According to Hamidi (2005: 75-76), he stated that the unit of analysis was the unit to study for instance individual, group, object and a setting of social event such as individual and group activity as subject in the study. According to researchers, the unit of analysis in this study is the central government, local government, the private sector and the public who are directly involved in granting permits for industrial plantation.

### 3.3 INFORMANT SELECTION

The informant selection technique that the researcher used in this study employed a purposive technique as the researcher used his own judgment with sufficient knowledge toward the informant. Miller in Sumardjono (1996: 31) also mentioned that purposive was as the most judgment that would direct to conclusion. Then, the logic of informant retrieval was based on more appropriate criteria with the government relation transformation approach in granting industrial plantation permits since the relation also highlighted different characteristics in each actor in government institution and non-government institution involved and they have their own interest.

### 3.4 TECHNIQUE OF DATA COLLECTION

According to Morse in Lincoln and Denzin (2009: 291) the

productive data collection is the most interesting stage in qualitative research. The emergence of pattern of understanding relations is mostly caused by continuous observation and framework carried out by researchers.

### 3.5 TECHNIQUE OF DATA PROCESSING AND ANALYSIS

During the research, the use of processing method is very important to make the research efficient. All transcripts and notes must be easy to copy and to cross-reference according to Lincoln dan Denzin (2009:291) that are in accordance with the nature of qualitative research. The data processing is done correspondingly with the data and information collection. The first stage of data processing is started with the preliminary research until the proposal of the research is accomplished. Secondly, the processing data that is more profound is implemented during the interview and the collection of various field informations. Then, the interview data are checked for their validity and compare them with the relevant information. Finally, the last stage is data and information interpretation that have been checked with triangulation analysis approach.

### 3.6 TECHNIQUE OF DATA VALIDATION

In order to determine the trustworthiness of data, a verification technique is needed. The technique of examining credibility/degree of trust used in the research employs a triangulation source technique that is considered more suitable for the research being discussed. According to Patton (2009: 131) triangulation is comparing and checking the degree of trust in information obtained through time and different tools in qualitative research. This can be achieved by: (a) comparing observational data with interview data; (b) comparing what people say in public with what is said personally; (c) comparing what the informant said about the research situation to what was said all the time; (d) comparing the situation and perspective of a person with various opinions and views of people such as ordinary people, people who are middle or higher educated, and people in government; (e) compare the results of interview with the content of a document that are related to another.

## 4 RESULT AND DISCUSSION

This study will observe the facts of government with a five-dimensional approach, namely the dimension of restructuring, dimension of participation, dimension of resource issue, dimension of accountability and dimension of public and private relation. The part that is more specific is only explained in the restructuring dimension.

### Restructuring

Along with the implementation of Law Number 23 Year 2014 concerning local Government, it has resulted in changes such as the burden of work and organizational structures related to the forestry sector in Indonesia. In this era, the Government will continue to strive to improve government management by involving elements of the Provincial, Regency and City Governments, specifically in term of granting permits for industrial plantations to the private sector. Regarding the discussion on the dimensions of restructuring, it will be discussed three aspects of restructuring which was initiated by Turner and Hulme (1997), as follows:

### Complexity

Based on the finding in field, it can be explained that nationally

from 24 provinces in Indonesia starting from 2011 to 2015, there was an additional 2.1 million hectares of new industrial plantations which meant the central government was eager to develop the forestry sector, specifically in the development of industrial plantations as industrial plantations also contribute significantly to state revenue. The aim of increasing the permit to the company is a better and healthier investment climate, on the contrary, the permit for industrial forest plantation to the private sector should actually be reviewed deeply whether it is true that industrial plantation permit brings Positive benefits or not to the communities around the forest area. The informant's information showed that the government at the technical level was unable to do much to find solution to the problem and even they tended to act as a full supporter of the company and this was part of the company's arrival not to give positive things to the community around the industrial plantation concession area. In this case, the informant's information would represent enough loss felt by the community around the industrial forest concession area if the company remained to plant acacia as many people's residence and land were within the company's concession area. From the context of the regulation complexity, there has also been overlapping of law and regulation at the central, provincial and regency level, the Riau Province Spatial Plan has not yet been ratified, adding to the dynamic complexity of regulation in Riau Province. Substantially, the Regional Spatial Plan has an important role in determining spatial pattern and the accuracy of filling land function according to community need in Riau. Meanwhile, the information from informant explained that the complexity aspect especially if it was viewed from existing regulation, the forestry sector regulation always overlapped, and there were many actors had mutual interest specifically in term of providing industrial plantation licenses. In addition, the absence of the latest Regional Spatial Planning from Riau Province making it many strategic areas in Riau Province are still in a vague position, which is not clear which one is the forest, which one is residential area, which one is plantation area and government office area. Besides, spatial plan used is still the old one and it has not yet been approved by the Ministry of Environment and Forestry of the Republic of Indonesia making it difficult for the investor to invest. The informant's explanation above shows that the Ministry of Environment and Forestry of the Republic of Indonesia also did not give clear status to the Teso Nilo National Area because the company did not have the authority to manage it as the study of the Environmental Impact Analysis of the Ministry of Environment entered the peat must be protected. The status of the forest has become unclear as the interested actors in the National Park area, Teso Nilo utilized the forest as oil palm plantation. When the Riau Provincial Government and the local official inspected and chopped the location of the Teso Nilo National Park that had been planted with oil palm, the action did not have any impact on the actors who misused the protected forest. In addition, the location is very difficult and remote for the Government to visit. Based on research in field, it was found that the complexity indicators are dominated by the complexity of actor, the complexity of interest. Within the complexity of the actors, it was identified that the dominance of individual and official in the region or the owner of capital is crucial in granting industrial forest plantation licenses to the private sector. This can be seen from the cases that occurred in the Meranti Islands Regency and Pelalawan Regency involving PT. RAPP. Lobby and effort made by the

company to make the community around the industrial plantation area wants to follow the will of the company is unsuccessful as the community together with the head of the village are both committed and they strive not to accept the company to manage their land since the land is a sago plantation community in Kabupaten Meranti island. Finally, when the company is unable to get approval from the local community and the land is also included in the category of peat land that must be protected by the state, the operational permit of a subsidiary of PT. RAPP at one point in kabupaten Meranti Island and kabupaten Pelalawan was revoked by the Ministry of Environment and Forestry of the Republic of Indonesia.

### **Formalization**

Formalization refers to the extent to which the work within the organization is standardized. If a job is formalized and standardized, then the rules of the game (rules of law) are quite clear. Thus it could be said that the formalization is not a permanent laying of rules due to circumstances determining the level of formalization that is suitable and changeable. Related to the Transformation of Relation between the Central Government and Local Government in granting licenses for Industrial Plantation Forests for Private Enterprise in Riau Province, here the researchers explain the legislation regulating HTI licensing, government actors, actors and private actors must work based on the rules of the game applied and they should not violate the statutory regulation. Based on the result of field studies and the search for various literature on industrial plantation forest, it was found that changes related to the rules of the forestry sector had undergone several fundamental change, essentially the authority was owned by the central government, then given to the region and now the authority returned to the Central Government. From the explanation conveyed by all informants, it was explained that the formalization related to existing legislation tends to change frequently and this certainly shows the obscurity of the private sector in carrying out investment. In addition, the overlapping of rules also causes constraint. Besides, the licensing process obtained from provincial government or kabupaten government sometimes also collides again and it seems based on the point of view from the private one, their business was compounded. From the explanation conveyed by the informants, they showed that the decision was made based on technical consideration and most importantly they were still guided by the existing legislation even though these rules sometimes contradicted with different ministries such as the Ministry of Spatial Planning and the Ministry of Land, at the level under the policies of the provincial and kabupaten / city government. Changes in legislation related to investment aspects in the forestry sector are actually also a barrier for companies to develop the investment atmosphere well. In addition, many government levels must be bypassed and it sometimes makes a lot of out-of-regulation costs that companies must pay. Moreover, according to the company owners, there are many levels in several ministries, provincial government and kabupaten/city government that must be passed as if the process of managing industrial plantation forests is difficult and it includes long bureaucracy. The government considers that in granting permit industrial plantation in Riau Province, there are some rules, regulations that must be followed and obeyed by companies, specifically in arranging industrial plantation forest

licenses by issuing industrial plantation licenses. It is expected that companies help communities around the company and it does not cause conflict with communities around industrial plantation concession. Furthermore, the researcher argues that the transformation of the relation between the central and the local government in granting industrial forest plantation permits to the private sector shows a very significant change, especially in kabupaten / city level as the local officials are no longer involved in the formulation team. Besides, it is also based on Law Number 23 of 2014 concerning local Government. At the central government level there is also a transformation of government relation, such as the combination of two ministries, the Ministry of Forestry and the Ministry of Environment. It also happens to the same thing at the provincial level, the combination of two agencies, for instance the Forest Service and the Environmental Service. Provinces have different authorities concerning the environment and the forestry sector. The transformation of government relation from the existing regulatory aspect can also be seen in the absence of strong authority possessed by the provincial government as the authority only works in giving recommendation, while industrial forest plantations are granted by the government to the private sector. Whereas, the province was also a part that could not be abandoned by the Central Government in terms of granting permit for industrial plantation to the private sector.

### **Centralization**

Centralization here refers to the transformation of the relation between the central and the local government in granting industrial forest plantation licenses for the private sector. From the explanation and elaboration, it has been understood that the license of industrial plantations have become the authority of the Central Government. On Kabupaten / city level, the authority of the forestry sector does not longer exist as it has become the authority of the Central Government which proves that the forestry sector policy, especially in terms of licensing industrial forest plantations, is a fairly centralized policy. Some of the existing authorities are also given to the provincial government by the central government, but some policies resulting income for institutions in the form of retribution are under the authority of the Central Government. From the aforementioned explanation, it can be analyzed that the forestry sector policy in terms of granting permit for industrial plantations to the private sector has become a centralized authority, meaning that the Central Government has full authority in granting industrial forest licenses to paper-producing companies in Riau Province. While, one the province level, it only covers recommendations to companies that they might be considered and might not be considered by the Ministry of Environment and Forestry of the Republic of Indonesia. Furthermore, on the grass-root level, the kabupaten government seems to know nothing, the company suddenly just came and wanted to cut down tens of thousands of forests in their area. Besides, the people around the industrial plantation experienced greater losses as the sago plantations belonging to the community will automatically be in the concession area of the company. The centralized implementation in granting permits is impartial to the lower government both at the provincial and at kabupaten / city level. The disadvantage of the past system and regime is assumed as one of the factors in the destruction of forests in Riau Province. Everything is centralized in Jakarta, while the forests

covering million hectares are going to be cut down in Riau Province and in another city work area.

## 5 CONCLUSION

The author found that generally the policy changes in the forestry sector in Indonesia had experienced the first three phases of change since the new order era that stated all forestry sector policies became the authority of the central government. After the policy reform, it became the district government and nowadays, the authority to grant forest permits industrial plants belongs to the central government if it is seen from the restructuring dimension. While, the complexity dimension states that there are many actors involved and they have different interest from one to another. Then, the formalization dimension shows that there are many rules relating to industrial plantation forest licenses and sometimes they are mutually related to the rule of other ministries. Meanwhile, the centralized dimension shows that with the implementation of Law number 23 of 2014 concerning the local Government, the policy regarding the grant of industrial plantation forest permit for the private sector has become very centralized. The transformation of government relation that the researcher use in this study of dissertation research is suggested to continue to be developed, reviewed and refined in various phenomena of government policy, place, time, field, and different government issue. The Central Government must dare to determine the legal status of industrial plantation in the Teso Nilo National Park area. Then the Central Government must immediately ratify the Riau Province Regional Spatial Plan so that the Riau Province area is clearly to differentiate which one the forest area, industrial area and residential area is. Then, the Central Government must involve stakeholder and triple helix from academics, specifically from the social sciences as a formulation team to grant industrial forest plantation for the private sector in the future. It is necessary to have appropriate and supported regulation considering that the forestry sector regulation is 20 years old and it needs to change that is in accordance with the current forest conditions in Indonesia.

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