

BUSINESS MODEL MANAGEMENT SOLUTIONS BORDER STATE LAND INDONESIA - MALAYSIA (West Kalimantan and Sarawak)

Drs. Mohamad Sukri, MM

**Doctoral Program in Social Sciences, Pascasarjana University of Pasundan Bandung Indonesia
mohamad_sukri63@yahoo.com**

ABSTRACT. *Land border between Indonesia and Malaysia in West Kalimantan and Sarawak often cause Polemics even several times almost into conflict simply because the boundary of the border, cause security approach used by both countries. By examining the various models of cooperation in various countries from a different continent, there is a border management model that can be used as a reference for Border Management Business Model Army of West Kalimantan in Indonesia Sarawak in Malaysia. Equation socio-cultural, kinship and language may be a capital construction of the Border into the business potential of the two countries through business organizations formed and owned together proposed named "Authority for Border Management" which focuses on two commodity of oil palm and coffee that has mastered the world market. Serious attention from both the State Government and business organizations have started to accelerate infrastructure development, construction and socio-economic development of border communities through the development of targeted and integrated.*

Keywords: Business Model, Cooperation and Management of the State Border.

A. Introduction

1. Background

The Indonesian government has establish 27 districts / cities of which was located in the border area, ie 15 districts / cities in the land border and 12 districts / cities in the northwest border region, West Kalimantan is a province of Indonesia¹ which has a border land directly with other countries, namely Sarawak, East Malaysia, extends 850 kilometers with an estimated area of 2.1 million hectares. Under these conditions if not try looking for solutions will potentially serious problems for both countries, it is necessary to carefully and solutif particular. Problems faced on a local scale in the form of isolation, backwardness, poverty, high prices of goods and services, limited infrastructure and public service facilities (infrastructure), poor quality of human resource s, as well as the uneven distribution of the population. For a national scale, among other problems faced less government policies in favor of border area development and the lack of personnel, budget, facilities and welfare; the occurrence of illegal cross-border trade; lack of access, communication and information media in the country and yet optimal coordination of cross-sectoral and cross-region in the handling of the border region. While on an international scale / regional, the border area problems arise as a result of weak ability and creativity lobby governments at the national level.

Although there are similarities clumps of ethnicity, culture and even language, but the differences in socio-economic conditions often impact negatively particularly Indonesia, compounded by inequality infrastructure and public services often Cause polarization effect, which is interested / withdrawn its natural resources and human resources of a country to

¹In addition there are 3 other provinces bordering direct land with regions of other countries namely East Kalimantan, Papua and East Nusa Tenggara.

neighboring countries to establish new growth centers in the territory of the neighboring country which results in the emptying of economic activities in the border territories interested countries natural resources and human resources. Examples of the "encroachment" by "unscrupulous" neighboring countries (backwash effect) can occur intentionally or unintentionally, the impact damage to natural resources and the environment, also cause disruption to the social life of the population in the border region of Indonesia, to some extent can resulting in stability problems of the Republic of Indonesia, the cause for less untouched by the country's economic activity and the lack of state control over the border areas.

Under these conditions it is necessary to their business concept model of development that involves various stakeholders from the two countries with the involvement of a State enterprise, private and cooperatives that benefit both countries, in addition to minimizing the risk of conflict because of the border, so that the potential problem of negative can be turned into a potential business fair, Many examples of cooperation model management of border areas States that have occurred in various countries such as border management in China and Vietnam, the United States (US) and EU (European Union / EU), which can be used as a reference by Indonesia and Malaysia, in order to optimize the fulfillment economic rights of border communities as well as minimize the gap welfare in a different frontier West Kalimantan to Sarawak especially.

2. Theoretical framework

Osterwalder & Pigneur (2010) defines the business model as a description of the rationale of how an organization creates and delivers value. The business model shows a way of thinking about how a company generates money. Business models and organizational forms greatly affect the company's ability to grow and develop in a sustainable manner.

Dennis A. Rondinelli found a weld Cooperation Central Government / Private Area with generally because None of the Regional or Central Government has a budget sufficient resources to develop, expand infrastructure and public services and to subsidize the SOE/BUMN (State-Owned Enterprises / Badan Usaha Milik Negara) because not efficient, UNDP states' *"revenue base of current and projected from most of the city is not adequate to finance capital improvements and operating costs associated ... [and] many cities have large debt obligations, leaving little room for new large loan"*

Stephen B. Jones² divides the scope of border management in four parts, namely: allocation, delimitation, demarcation and administration / management. Fourth scope of border management are inextricably linked to one another to indicate that the fourth is a series of interrelated decisions in implementation. Referring to the theory put forward Jones, there are three main issues in the management of the border area between countries, namely: (1) Determination of the boundary line both land and sea, (2) Securing the border region, and (3) development of the border region. In the context of the management of the state border of Indonesia there are still problems in all three of the major issues.

According to Dennis A. Rondinelli partnerships Government - Private will succeed, if the government: Implement adequate legal reform to allow the sector private sector to operate efficiently and effectively; Develop and enforce regulations that are clear and transparent to

²in Sobar Sutisna, dkk., *"Boundary Making Theory dan PengelolaanPerbatasan di Indonesia"*, in Ludiro Madu, et. al., (eds.), 2010, *MengelolaPerbatasan Indonesia di DuniaTanpa Batas*, Yogyakarta, Graha Ilmu, page. 12.

private investors; Remove unnecessary restrictions on the ability of private companies to compete in the market; Allows the liquidation or bankruptcy of the companies state that there can not be commercialized or privatized; Expanding opportunities for local private companies to develop management skills; Create incentives and guarantees to protect state employees today after the PPP took over the provision of services; and Redefining the role of government from producing and providing direct services to facilitate and regulate the provision of services by the private sector.

B. Results and Discussion

1. Cooperation Model Comparison in Several Countries

a. China-Vietnam Border Management

The interesting thing and used as a reference of border management in Asia is the management of the province of Quang Ninh (Vietnam) to the border province of Guangxi (China) applying a pattern-based trading (trade-based border development) namely the construction of industrial zones to attract foreign investment.³ The positive impact has been felt by both countries, since 1990 in the city of Dongxing and the surrounding area has been improving the economy of the region is rapidly and successfully attract foreign investors.⁴ Similarly perceived by Mong Cai town Quang Ninh province of Vietnam which has now become the center of the emerging markets in which various kinds of commodities from China traded.⁵

With the agreement between China and Vietnam to maximize profits Dongxing and MongCai region together and build industrial zones for foreign investors. Planning international business and commercial zones in cities in the border region alongside each other entrances have benefited from the booming trade in the border region. The development of various industrial activities eventually form a zone of export-oriented industries. Along with the various facilities and tourist infrastructure is also built. Both countries take mutual benefit, the Chinese focus on Industry, Vietnam on trade, which of course occurs also positively impact the development of infrastructure such as Airports, Ports, Hotels and other ideas to support the development of various industrial activities eventually form a zone of export-oriented industries. If the entire infrastructure development is realized, will form an urban belt (urban belt) along the Gulf of Tonkin as far as 40 km across the border of China and Vietnam.⁶

b. Border Management in US (United States)

Another reference is the author of concern to the United States Border Management In the north, U.S and Canadian border line along the 8,891 km (including the border state of Alaska with Canada through 2,475 km) is the longest land frontier in the world. Meanwhile, in the southern US and Mexico border stretches along 3,169 km was also one of the longest land frontier in the world. Border with Canada, the United States with a more humane approach and social approach, tend to use a soft border regime (soft border regime). Line the longest land border in the world kept almost none at all. In contrast to Mexico because the US did the concept of a security approach leads to the border regime (hard border regime), almost the entire border is fenced and heavily guarded by the Border Patrol, which is part of the US

³ Husnadi, 2004, *Menuju Model Pengembangan Kawasan Perbatasan Darat Antar Negara (Studi Kasus: Kecamatan Paloh dan Sajingan Besar Kabupaten Sambas, Kalimantan Barat)*, Tesis pada Program Studi Magister Teknik Pembangunan Wilayah dan Kota, Universitas Diponegoro, Semarang, page. 54-55.

⁴ Ibid

⁵ Ibid

⁶ Ibid

Customs and Border Protection (US-CBP), because it considers Mexico potentially caused the problem of illegal immigrants, narcotics trafficking which tend to increase. The US-Mexico border trade occurs with the amount of approximately US \$ 300 billion per year and about 200 million people migrate every year.⁷ The number of cross-border trade and almost similar happened in the US border with Canada. This fact led to important aspects of cooperation between the US and the neighboring countries in managing the country's borders.

16% of the US population living in the 11 states (states) bordering Canada.⁸ Similarly, in terms of trade, the interests of Canada look more prominent when viewed that approximately 79% of Canadian export shipments destined for the United States versus 22% shipping US exports to Canada.⁸ The interdependence of economic (economic interdependence) can also be reflected by the fact that the daily flow of goods across the border is worth about US \$ 1.5 billion.⁹ Cooperation of the US-Canada border management is primarily concerned with issues of migration management, trade and economic cooperation, and the prevention of crime, especially terrorism. In Canada, the management of the border is a matter of the Canada Border Services Agency (CBSA), which is an integral part of the Ministry of Public Security (Minister of Public Safety) Canada, while the management of the US border is a matter of the United States Customs and Border Protection (USCBP) which is a part of the Department of Homeland Security (Department of Homeland Security). The US has also "Northern Border Advisory Task Force" which is a task force established by the Homeland Security Advisory Council which is also part of the Department of Homeland Security, and specifically tasked to oversee and give opinions on strategic issues and the actual happening in US-Canada border region.

Recommendations from the research institutions that the United States and Canada formed a "Joint Border Commission" is one of the steps to resolve the issues related to border management. Through the establishment of a "Joint Border Commission" is expected to set up mechanisms that binds all actors at the regional and state / province.¹⁰

Indeed, the security approach is applied to the US-Mexico border to contain high risk.¹² When there is a lack of proper policies, the large number of cross-border trade may cause consumers must bear the cost of tens of billions of dollars per year. Poor coordination of the security may cause casualties, the threat of disruption of security and public distrust. Wrongly management of resources that are shared by one of the government will result in a negative impact of environmental degradation on both. Meanwhile, the central government of the two countries seem to ignore the interdependence conditions and more likely to look at the borders of the Westphalian model of sovereignty perspective. Specifically related to cooperation in the fields of economy, US President Barack Obama in a joint statement with the President of Mexico, Felipe Calderon, 19 May 2010, states: *"A key component of our global competitiveness is creating a border for the Twenty-First Century. ... We must develop it and manage it in a holistic fashion and in ways that Facilitate the secure, efficient, and rapidflow of goods and people and reduce the cost of doing business between our two countries."*¹³ Binational Task Force on the US-Mexico Border in its report recommended several ways, for example: the addition of infrastructure and facilities at border development

⁷ Full Report of the Binational Task Force on the U.S.-Mexico Border, "Managing the United States - Mexico Border: Cooperative Solutions to Common Problems", page.8

⁹ Geoffrey Hale, 2009, *In Search of Effective Border Management*, Canadian International Council, page 2-3

¹⁰ Kathryn Bryk Friedman, "Governing the 49th Parallel: Recommendations for US Policymakers on Northern Border Governance", dalam *Proceedings: Seminar on Canada-U.S. Border Management Policy Issues*, 12 April 2010, Border Policy Research Institute, Western Washington University, page 23-25

¹¹ *ibid*

¹² *ibid*

¹³ U.S. Chamber of Commerce Border Report, "Steps to a 21st Century U.S.-Mexico Border"

¹⁴ Full Report of the Binational Task Force on the U.S.-Mexico Border, *Op. Cit.*, page. 21-22.

involving the public and private sector partnerships; the establishment of a bilateral cooperation agency assigned to manage the planning and construction of any infrastructure facilities at the border; reorganize and improve the service functions of the entrances so that the border security function can still be carried but without hindering or slowing down the movement of cross-border trade and travel is legal; eliminate trade barriers or other restrictions that cause additional costs that are not important.¹⁴

c. Border Management Model EU (European Union)

Schengen Agreement was agreed in 1985 declared to freedom of movement which are dealt with together for an entry permit divulging state short-term (Schengen Visa), the adjustment (remove) supervision frontier and cross-border police cooperation in the 30 EU countries, except Norway, Iceland and Switzerland (plus Liechtenstein). EU Convention made in 1990 for implementing the Schengen Agreement which is effective through the *Amsterdam Treaty*¹⁵ integrating the *Schengen Agreement* into the framework of the European Union and the European Community (EC).¹⁶ The existence of major industrial zones such as *the Upper Rhine, Baden Wurttemberg, and Emilia-Romagna* have undergone a learning process based on the relevant experience of the various regions of the world, many of whom¹¹ are border regions.

2. Cooperation Model Business Management Solution State Border West Kalimantan-Sarawak

Based on the comparative study that have been submitted, it was found that the United States of double standards in the management of the Canadian border is very soft because of common interests of policy makers and *stake holders* in both countries, while in Mexico applied a *hard border regime* and the trend is very large in defending the sovereignty Westphalian models. The management of borders with its two neighbors, the US has enormous economic interests. Various people asked that created a kind of "*joint border commission*" or binational organization which is a forum of cooperation between the two neighboring countries.

EU to manage its borders are "totally borderless" freeing movement of people and goods because of their similarity in economic conditions, culture and cognition. Different things done by China and Vietnam were considered successful in establishing cross-border trade (trade based border development) as well as the impact on the development zone industry in both territory and managed to attract investment from various parties, the support of the Government of the State considered successful as is able to provide maximum benefits for within its borders. China Vietnam Border Management Model felt just to be a reference to the preparation of the Business Model Army Border Management Solutions Indonesia and Malaysia, especially in West Kalimantan to Sarawak, there are similarities that owned the territories potential, strategic and economic potential of a good resource to jointly develop, for the necessary steps that must be done, such as:

- a. Need for Understanding Malaysia and Indonesia on joint management of the land border of West Kalimantan to Sarawak with the approach of the business models that involve State-Owned Enterprises, private and cooperatives by forming Authority Border Management based on the development of business Growers and Trade (*plantation and trade-based border development*), with a coverage area median of 20 Kilometers of points / markers along the 850 kilometer border, focus on commodities Oil and coffee for CPO and coffee is the mainstay commodities between the two countries, involving both the state and foreign investors.

¹⁵Amsterdam Treaty the Treaty of Amsterdam Amending the Treaty of the European Union, the Treaties Establishing the European Communities and Certain Related Acts.

¹⁶ Steve Peers, 2006, *EU Justice and Home Affairs Law, 2nd edition*, Oxford University Press, New York, hlm. 44-45

- b. Authority management of borders of West Kalimantan - Sarawak will create integrated planning and integrated in the region that has been determined by a priority accelerated development of infrastructure such as the availability of electricity, telecommunications, transportation, water, land ports and sea, airports, markets and border crossings agreed, customs, immigration, quarantine and security integration.
- c. Local community development programs in the border by the Cooperative Movement in both countries (DEKOPIN & ANGKASA), which is fully supported by the Government of Indonesia and Malaysia to be able to play an active role in the development of economic activities in plantation and trade which would take into consideration the norms, culture and customs.
- d. Border Management Authority Board adopts the refinement of the concept submitted by Stefan Aniszewski he called the *Coordinated Border Management (CBM)*. With the hope of diverting security approach into joint business approach and to avoid border conflicts that often arise simply debating the territory boundary markers.
- e. Border Management Authority should implement national and international management system involves coordination between the policy holder (various agencies at every level of government) and stakeholders including investors (*stakeholders*) of the two countries.

C. Conclusions

Of the various models of border management several countries that are the focus of attention the author is China - Vietnam which forms a belt cities or "urban belt" then Indonesia - Malaysia could adopt with the addition of the establishment of the business area belt plantations or "plantations belt" along the 350 kilometer border of West Kalimantan - Sarawak with a wide median in each region 20 Kilometers from the point of border markers, thus eliminating the potential border conflict into business together for two (2) of its flagship commodity palm oil and coffee, the support of both governments at all levels must be strong and put her professional business organizations were formed.

Business Model for Business Management Border through business institutions formed together in proposed named Authority for Border Management with capital participation together in balance with the balanced result anyway, because it requires a large capital it needs the involvement of investors from the two countries as well as foreign, especially for plantation development and industries, including infrastructure facilities and infrastructure that must be done in a coordinated manner and integrated. Creation and Development of Cooperative society involves actions suggested to exist DEKOPIN Indonesia (Dewan Koperasi Indonesia), while in Malaysia there Angkasa (Angkatan Koperasi Kebangsaan Malaysia), to be directed and focused on development and society economic development.

References

- Aniszewski, Stefan, 2009, *Coordinated Border Management – A Concept Paper*, WCO Research Paper No. 2, World Customs Organization
- Batubara, Harmen, "Ekonomi Perbatasan, Memantapkan Kerjasama Ekonomi di Perbatasan" @<http://www.wilayahperbatasan.com/ekonomi-perbatasan-.../>
- Bronk, Christopher and Tony Payan, 2009, "Managing The U.S.-Mexico Border: Human Security and Technology", Binational Research Paper, James Baker III Institute for Public Policy Rice University.
- Dennis A. Rondinelli, "Privatization, Governance, and Public Management: The Challenges Ahead," *Business & the Contemporary World*, Vol.10 No. 2 (1998)
- Faisal, Sanafiah, 1990, *Penelitian Kualitatif; Dasar-Dasardan Aplikasi*, Malang: YA3.
- Full Report of the Binational Task Force on the U.S.-Mexico Border, "Managing the United States-Mexico Border: Cooperative Solutions to Common Problems".
- Hale, Geoffrey, 2009, *In Search of Effective Border Management*, Canadian International Council. Husnadi, 2004, *Menuju Model Pengembangan Kawasan Perbatasan Darat Antar Negara (Studi Kasus: Kecamatan*

- Palohdan Sajingan Besar Kabupaten Sambas, Kalimantan Barat*), Tesis pada Program Studi Magister Teknik Pembangunan Wilayah dan Kota, Universitas Diponegoro, Semarang.
- Peers, Steve, 2006, *EU Justice and Home Affairs Law, 2nd edition*, New York: Oxford University Press
- Proceedings: Seminar on Canada-U.S. Border Management Policy Issues*, 12 April 2010, Border Policy Research Institute, Western Washington University.
- Sutisna, Sobardkk., "*Boundary Making Theory dan Pengelolaan Perbatasan di Indonesia*", LudiroMadu, et. al., (eds.), 2010, *Mengelola Perbatasan Indonesia di Dunia Tanpa Batas*, Yogyakarta: Graha Ilmu
- United Nations Development Programme, Joint Venture Public-Private Partnerships for Urban Environmental Services, PPUE Working Paper Series, Vol. II, (New York: UNDP, 2000)
- U.S. Chamber of Commerce Border Report, "Steps to a 21st Century U.S.-Mexico Border".
- U.S.-Mexico Border Report, 2008, "Effective Border Policy: Security, Responsibility and Human Rights at the U.S.-Mexico Border", Border Network for Human Rights, Washington D.C.