

The Open System of Strategic Planning for the Development of Rural Autonomy in Riau, Indonesia

H. Sufian Hamim^{a*}, Sri Indrastuti^b, ^aSchool of Social and Political Sciences, University Islamic of Riau, Riau, Indonesia, ^bSchool of Management Economics, University Islamic of Riau, Riau, Indonesia, email: ^{a*}sufianhamim@soc.uir.ac.id, ^bsriindrastuti@gmail.com

This study intends to explain the open system of strategic planning in the contextual development of rural autonomy. The aim is to analyse and explain the relationship between the preconditions of strategic planning, formulation of strategic plans, implementation of development programs and success of rural development. It will complete and reformulate the concepts and theories of strategic management and strategic planning using the results of research [Hunger and Wheelen, 1996; Steiner, 1979; and Mintzberg, 1994]. The concepts and theories of strategic management and strategic planning have not yet revealed the relationship of influence between environmental observation strategies. The research method used was an explanatory survey. As a population, all villages are spread across 10 regencies in Riau Province, totalling 1046 villages. The village sampling technique used was the Cluster Sampling method. The minimum number of samples, regarding responses from officials and members of the community (based on the Slovin formula), was obtained from 331 respondents. For implementation, in order to strengthen and sharpen the results of the analysis, a set consisted of 90 informants. Data collection techniques involved active participation observation, study documentation, interviews and questionnaires. The data analysis techniques were carried out using a qualitative and quantitative approach. The first involved observation and interviews with informants. The second involved a statistical test using Structural Equation Modelling (S.E.M). The results of the study indicate that the pattern of the relationship between environmental observation of the strategy and the implementation of the strategy is inversely proportional. If the effect of observing the strategic environment on the implementation of the strategy is very strong, then the effect of the formulation of the strategy on the implementation of the strategy, through an intervening emergent strategy, becomes very weak, and

vice versa. If the effect of environmental observation on strategy implementation is very strong, then the effect of strategy formulation on strategy implementation becomes very weak, and vice versa. These events are the result of fast, continuous changes in the internal and external environment. Observing the strategic environment is not only useful for the formulation of plans but also necessary when implementing the strategy. Thus, strategic planning will be effective. So will the effect of the strategy in the implementation of the influence of the formulation of the strategy. Thus, strategic planning will be effective and efficient when the formulation of a strategic plan approaches the actual or contextual environmental conditions. When implementing programs, activities and projects, the strategies that emerge do not really affect this research. This reaffirms that there is no reason to doubt the effectiveness of the open plan system that has been formulated. There are strategic outcomes in the rural planning of government organizations. Although rural organisations are still simple, there are principles and elements in their application and development. This applies to primitive organisations and the most modern organisations, in public, social and business organisations.

Key words: *open systems, strategic planning, development, rural autonomy, contextual.*

Introduction

Development strategies and policies that are not in accordance with the wishes of the community and the potential that exists in rural areas are certainly not efficient. The results of Saefullah's [1995: 13] research show that, in reality, rural areas in Indonesia have different characteristics from one village to another. Therefore, the success of rural development is very much determined by how the creation of conformity in development planning is made with the existing potential, needs and desires of the people of the Republic of Indonesia. Law Number 6 of 2014 concerning villages and government regulation of the Republic of Indonesia and Number 60 of 2014 concerning development planning and village finance, show that development planning is required to start from the lowest layer at the village level. This level is considered more decentralised in terms of its government.

This is in line with research of Bryant and White [1989: 380]. They point out that, given the nature of development in the long run (as well as the fact that development includes capacity, equity and growth of power), attention to strategies starting from below will simultaneously encourage equity and efficiency. In relation to rural development planning, despite the results of research, Sufian [1992; 1994; 2002; 2009; 2018] has revealed several obstacles to rural development planning in Riau. These include the lack of attention to culture, carrying

capacity and community institutions. However, the results of these studies have not been able to analyse, explain and predict development planning completely. This is so when viewing the contextual approach aspect to the open system of strategic planning in captured development, as presented above. An in-depth study of village autonomy has been carried out, especially by organisations that have authority in the planning and implementation of rural development programs. There exists a focus on the study of an open system of strategic planning in contextual rural development in Riau Province.

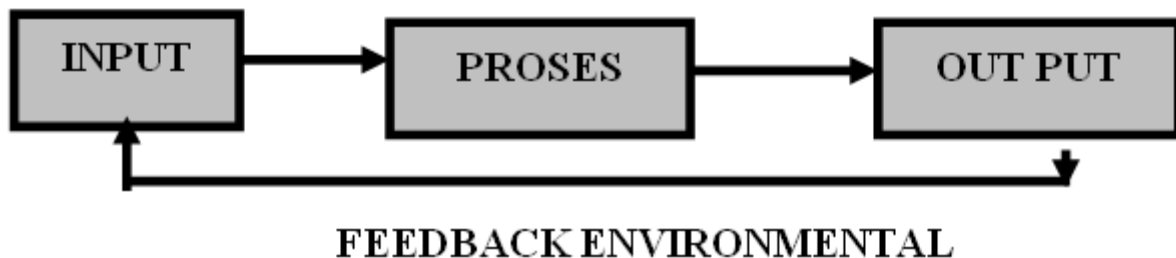
Literature Review

In order to improve the efficiency and effectiveness of development implementation, and to be able to exist and excel among increasingly fierce competition in the rapidly changing environment of today, government bureaucracy must continue to make changes towards improvement. Changes that can be made include reengineering, restructuring, quality programs, mergers and acquisitions, strategic changes and cultural changes. Regarding the principles of effective government bureaucracy, the research of Osborne and Gaebler [1992: 281] and Osborne and Plastrik [1996: 349] (in the contextual perspective of research results) [Friedmann, 1981: 42; Findley, 1987: 19; Bryant and White, 1989: 378; Saefullah, 1995: 13], show that the development approaches that are in favour of the interests of the community are based on the situation of internal and external conditions. These are key factors for success that cannot be ignored. In the context of achieving the effectiveness of rural development, government bureaucracy cannot escape from the situations and conditions under which the development program is implemented. This view, as explained in the scope of administrative and public organisation theory, is an open systems theory. It is the Grand Theory in this study.

Organisations involving open systems of research results [Barnard, 1938 Wiener, 1948; Bertalanffy, 1951] show that they can be interpreted as a group of elements that are interconnected and related to their environment. An organisation, as an open system (according to the results of research by Hicks and Gullet) [1987: 347], generally consists of inputs, processes, outputs and feedback from the environment. A result of research [1985: 112] shows that in such organisational processes, the organisation receives inputs from the society in the form of people, materials money and information. It transforms these into outputs in the form of products, services and rewards for the organisational members' participation. The organisation, as an open system, includes the organisation itself and also its relationship with outside groups. Organisations must function in both ways simultaneously. First, organisations must find ways to preserve themselves and to provoke support, energy and cooperation from their members. Second, the organisation must try to protect itself from the pressures that are in its environment. It must gather resources and support from other parties. The organisational model, as an open system, is illustrated in Figure 2.1.

Figure 2.1

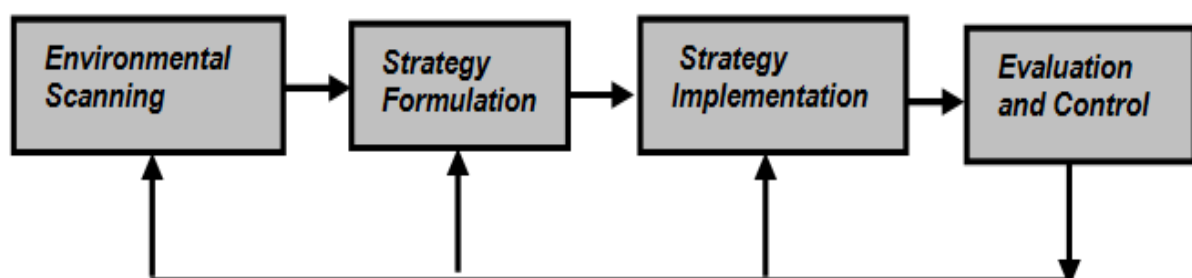
The organisational model as an open system [Barnard, 1938, Wiener, 1948, Bertalanffy, 1951, Katz dan Kahn, 1987; Hicks dan Dullet, 1987]



Rural government organisations are open systems. In achieving their objectives, these institutions must be arranged rationally. Management in rural government becomes the intermediary between the two functions: determining how much output is generated and who becomes implemented. In this connection, internal and external situational and conditional variables in rural areas are very important. They can determine the effectiveness of development management in the open systems of organisations. Development management accommodates and takes into account situational and conditional variables of the internal and external environment in rural areas. Thus, the development management strategy that is considered effective is strategic management. Hunger and Wheelen's research results [1996: 7] show that the process of strategic management involves four basic elements: (1) environmental scanning, (2) strategy formulation, (3) strategy implementation and (4) evaluation and control. The strategic management process is illustrated in Figure 2.2

Figure 2.2

The strategic management process from Hunger dan Wheelen [1996]



If the strategic management process is linked to village autonomy development management, it will include activities ranging from environmental observation to performance evaluation. Open strategic management systems observe the external environment in rural areas to see opportunities and threats in addition to strengths and weaknesses (S.W.O.T). They identify

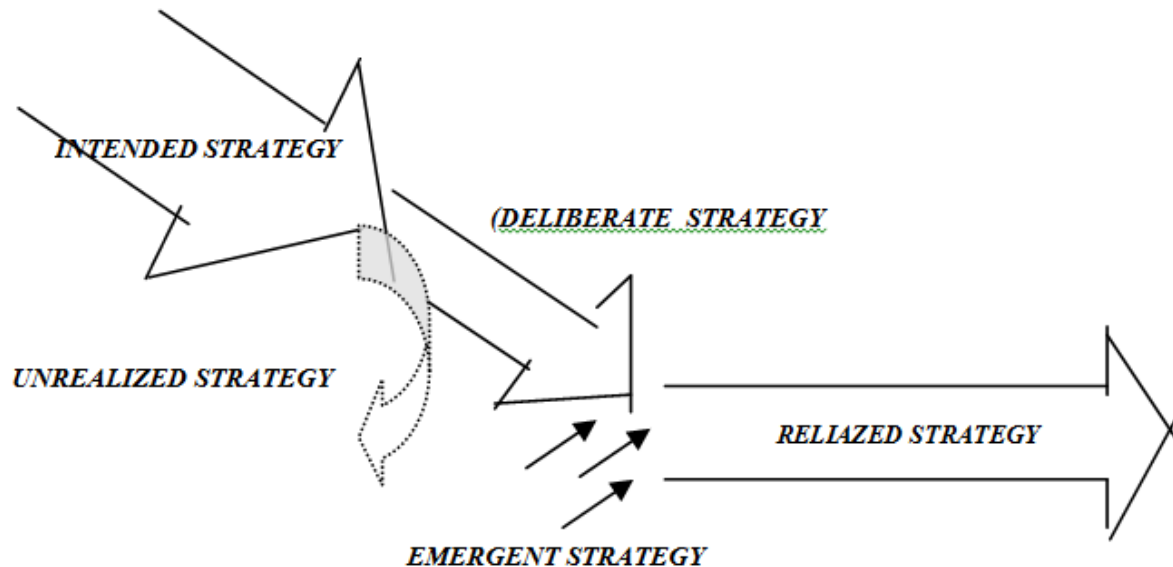
and evaluate their interactions and determine the mission of government organisations accordingly. The first step in formulating a strategy is developing a mission statement. It plays an important role in determining the goals, strategies and policies of the autonomous village government organisation. This is so these strategies and policies can be implemented through programs, budgets and procedures. Finally, performance evaluation and feedback ensure precise control of organisational activities. There at least four management functions that must be carried out by developmental government organisations. Of the several management functions, the planning function is a very basic function. As the results of Terry's study [1975: 191] show, planning is a fundamental and vital function of management. Planning organises, acts on and controls management.

The concepts and theories of strategic management are clearly visible. Strategic planning is the core requirement for the effectiveness of strategic management. There are related elements in the process of developing effective requisites. That means strategic planning, in a system and process of strategic management, can explain rural development based on the local potential, desires and expectations of rural communities. This is an open system of strategic planning, because the formulation is based on a contextual approach. A model of strategic planning is Steiner's research [1979: 33]. It shows that a system is interconnected between variables: (1) the evaluation of problems, organisational strengths and weaknesses; (2) strategy formulation and plans (organisation missions, long range objectives, policies and strategies); and (3) implementation and review.

In relation to the strategic planning system, Mintzberg's [1994: 36-37] research results show that strategic planning is created at the intersection. The outside is exploited by inside strengths, while threats are avoided and weaknesses circumvented. They take into consideration the creation of the strategies. The strategies are subsequently evaluated to choose the best. Regarding the strategies, there are plans that are developed. These involve intended strategies, deliberate statistics, unrealised strategies, emergent strategies and realised strategies. The function of evaluation and supervision in the implementation of programs of an open system of strategic planning can also detect emergent strategies later. With evaluation and supervision, strategic management can find the entry and exit of unrealised strategies and emergency strategies. Exit both of these strategies will produce a 'balance' or realised strategy. Mintzberg's study [1994: 24] summarises the process of entering and exiting strategies in the model in Figure 2.3.

Figure 2.3

Forms of strategy from Mintzberg (1994: 24) and Winardi (1997)



The concepts and theories of strategic planning from Hunger, Wheelen, Steiner and Mintzberg provide clarity regarding the importance of strategic planning systems in contextual rural development. Aside from observing factors of internal and external situations and conditions, it will provide the right information, data, program planning and effective implementation.

Research Methods

The research method used was an explanatory survey. The population was the entirety of each village in the regencies of Riau Province, totalling 1046 villages. The village sampling technique uses cluster sampling methods in provinces, districts, sub-districts and villages. To determine the sample villages, the simple random sampling method was used. Sample villages included Teratak Buluh Village, Kampar, Kiyab Jaya, Pulau Burung, Meskom, Kopah, Cawan Island and Penyengat. Furthermore, the minimum number of samples amounted to 331 respondents. These were respondents from officials and members of the community involved in planning and implementing development programs, based on the Slovin formula obtained. Sample groups are small in number. All were taken using the census method, while sample groups with substantial numbers were taken by the simple random sampling method. This sharpened the results of the analysis set to 90 informants. The criteria involved institutional leaders in society, consisting of human resource figures, economic figures, socio-cultural figures, religious figures, female figures, youth leaders and community order figures. Data collection techniques involved active participation, observation, documentation study, interviews and questionnaires. The validity of the instruments was

tested with the Spearman Rank correlation and the instrument reliability test with the lottery correlation. This was done to strengthen the Pearson Product Moment. The data analysis technique was carried out using a qualitative approach. Observations were made by being involved with informants. The quantitative approach used the statistical test of Structural Equation Modelling (S.E.M).

Research Results and Discussion

Research Results

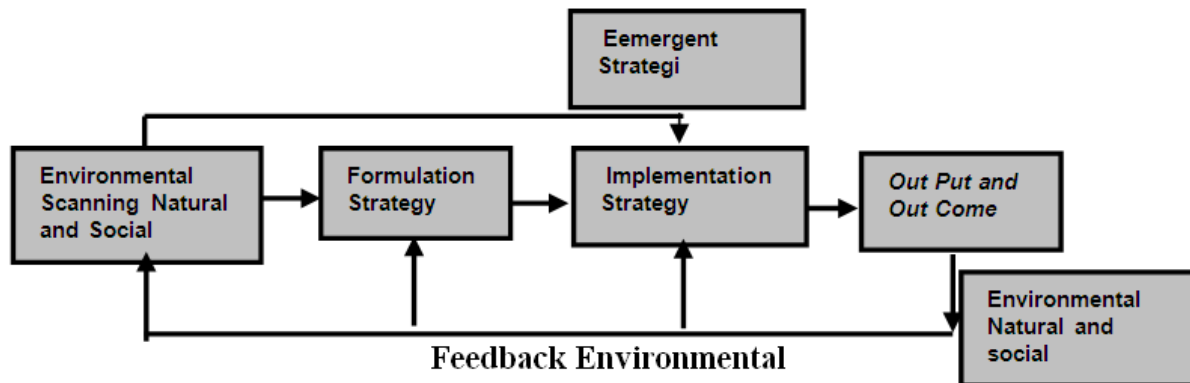
There is a positive and significant relationship of 66.42% between strategic planning and program implementation. There is a very positive and significant relationship of 92.16% between the preconditions of strategic planning and the formulation of strategic plans. At 12.25%, the formulation of a strategic plan has a much less positive influence on program implementation. There is a very positive and significant effect of program implementation on the success of rural development at 82.81%. There is also a positive and significant influential relationship of 44.89% between strategic planning of the amount of conditions and pre-strategy implementation through emergent strategies.

Research Discussion

The pattern of the relationship between the implementation of the strategy and the influence of the formulation of the strategy is inversely proportional. That is, if the effect of observing environmental strategies in strategy implementation is very strong. The influence of strategy formulation in strategy implementation, through intervening emergent strategies, becomes very weak, and vice versa. If the effect of environmental observation on strategy implementation is very strong, then the effect of strategy formulation on strategy implementation becomes very weak, and vice versa. These events are the result of rapid continual changes in the internal and external environment. Environmental observation is not only useful for the formulation of plans. The influence of environmental observation is also needed when implementing the strategy. Thus, strategic planning will be effective and efficient if the formulation of a strategic plan approaches the actual and contextual environmental situations and conditions. When strategies emerge in the implementation of programs, activities and projects, they will not affect the formulation. Thus, strategic planning is not only one of the very basic management functions, but it permeates all other management functions. A relationship that is described in the process strategic management, is a new concept that complements strategic management theory. This is illustrated in Figure 3.1.

Figure 3.1

Open systems strategic management model of Sufian research (2002; 2018)



—————> Remarks The arrow from Environmental Scanning towards Implementation Strategy in Intervening Emergent Strategy is a new finding of Sufian's research (2002 and 2018)

The new concept of an open system of strategic planning in contextual rural development in public administration is a process of activities consisting of

- a. A precondition of strategic planning or analysis of the internal environment of the rural area. This determines strengths, weaknesses and analysis of the external environment of the rural area. This then determines opportunities and challenges consisting of the analysis of natural potential, analysis of community potential, analysis of village government conditions, analysis of village income sources, analysis of village community needs, analysis government policy, analysis of market needs from village sources, analysis of technological developments and analysis of government and private national investment;
- b. Strategic or policy formulation, both long-term and short-term, for effectiveness. The formulation of the plan to build an intermediate plan and a development management plan from the opportunities and challenges of the rural environment is related to the strengths and weaknesses of the village. This consists of: the formulation of objectives, the formulation of programs, the formulation of activities, the formulation of projects, the determination of the organisation or program's implementation team, resources needed for the implementation of programs, information for decision making and monitoring standards for implementing rural development programs;
- c. The determination of the effectiveness of the development implementation policies. This consists of organising development resources, mobilising development resources and evaluating and monitoring rural development programs in order to find strategies that emerge later.
- d. The determination of the level of success in rural development policy outcomes. This consists of the field of development in the quality of human resources, the economy of the

community, public village facilities, the environmental conditions of the village, social justice, community participation and village financial revenues.

- e. The determination of policy feedback in order to further improve strategic planning.

The concept of contextual rural development, when applied, will be more effective and efficient. It can be argued that the concept of open systems of strategic planning, in contextual rural development, provides added value. Open strategic systems in planning

- a. Show the existence of administrative reform in the improvement of development planning.
- b. Have been modelled after in the legislation.
- c. Develops rural planning on the basis of the value of its effectiveness and efficiency, not on the basis of group interests.
- d. Ensure the approach to rural development is more contextual. This is under the assumption that environmental factors are important, considering that so far in practice, environmental factors have not been considered in the development planning system.

When strategic planning is applied appropriately in a public and non-profit administration environment, it will provide a set of concepts, procedures and tools for observing the environment. It will also formulate and implement strategies. This is because the principles and practices of effective strategic planning can be applied to public organisations as well as business organisations. The results of this study reaffirm that when it comes to every level of the formulation of plans in provincial, district, city and village areas, it is necessary to apply an open system of strategic planning in contextual rural development. Furthermore, there is no reason to doubt the effectiveness of implementing an open system of strategic planning in rural government organisations. However, rural government organisations are categorised as simple organisations. The principles and elements that are oriented towards quality, science, and the Joiner Triangle Management are not limited in their application or development. This is true for primitive organisations and the most modern organisations, whether they be public, social or business organisations. The effectiveness of the concept of an open system of contextual rural development also requires several criteria that must always be met:

- a. availability of accurate data and information and continuity in a database with Google and Wi-Fi information systems,
- b. reliable human resources,
- c. appropriate equipment and materials or organisational skills,
- d. adequate funding sources, and
- e. the government's political will to reform bureaucracy.

There are at least nine rural characteristics, each of which illustrates the natural potential and the potential of the community. Thus, the rural development model that should be developed

in the concept of an open system of contextual rural development planning involves: rice villages; farming villages; plantation villages; fishing villages; large and medium industrial villages; small craft industry villages; service and trade villages; and tourism villages.

Conclusions and Recommendations

Conclusion

The research findings complement and reformulate the concepts and theories of Hunger, Wheelen, Steiner and Mintzberg regarding strategic management and strategic planning:

1. There is a strong influential relationship between environmental observations and the implementation of emergent strategies. This is as a result of fast, continual changes in the internal and external environment.
2. The pattern of the relationship of the effect of environmental observations on the implementation of the strategy and the formulation of the strategy on the implementation of the strategy is inversely proportional. If the effect of environmental observations on the implementation of the strategy is very strong, then the influence of strategy formulation on the implementation of the strategy becomes very weak, and vice versa.
3. Environmental observation is not only beneficial for the formulation of a strategic plan but also necessary when implementing the strategy. Thus, strategic planning will be effective and efficient if the formulation of strategic plans approaches the actual or contextual environmental situations and conditions. When implementing the program, the strategies that emerge do not necessarily affect the plans that have been formulated. Thus, the output or outcome will be optimal.

Recommendations

1. Future rural development should be carried out with an approach that is appropriate to nature, characteristics and potential. It should not be justified or uniformed throughout all villages. The development approach in question is a contextual development approach regarding the concept of an open system of strategic planning in rural development.
2. In the future, it will be better to apply the concept of an open system of strategic planning in contextual rural development. This should be done both at the district/city level and in village development formulation. The process starts in the precondition activities of strategic planning, formulation of strategic plans, implementation of development programs and the success of rural development.
3. Regarding the framework of applying the open system concept of strategic rural development planning, in the future, it should be made a matter in the environment of the rural government. The latter should collect, process and make reports about the situation and condition of the internal and external environment in rural areas.

4. In the context of the effectiveness of the concept of a strategic planning systems in rural development, major, interrelated efforts must be included. The following major efforts are part of the concept of an open system of strategic planning in contextual rural development:
 - a. Empowering the economy of the village community.
 - b. Increasing the ability of the human resources of the government apparatus and the community in rural areas.
 - c. Functionally including relevant agencies to serve as development agents in rural areas.
 - d. Guiding and directing rural communities to carry out various productive activities.
 - e. Constructing, which makes it easy for national and international investors to invest in rural areas with the people's core plantation system. This involves a partnership pattern of fathers and adopted children.
 - f. Directing the community to carry out agricultural activities in accordance with the conditions and structure of the land, the natural potential of the community as well as the conditions of local, national, regional and international market demands.



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