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Submission date: 12-Feb-2025 10:51AM (UTC+0300)

Submission ID: 2580134708

File name:
1051_NOMICO_Economic_Review_of_the_effectiveness_of_Natural_Resource_Management_in_improving_the_natio.pdf
(221.95K)

Word count: 3467

Character count: 21603

Nomico Journal
E-ISSN : 3046-6318
https://nawalaeducation.com/index.php/NJ/index
Vol.1.No.12 January 2025
DOI : https://doi.org/10.62872/xkaaxh89

Economic Review of the effectiveness of Natural Resource Management in improving the national economy

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Entered : December 20, 2024 Revised : December 28, 2024
Accepted: January 15, 2025 Published : January 31, 2025

ABSTRACT

This study aims to analyze the effectiveness of Natural Resource Management (SDA) in improving the national economy with a descriptive qualitative approach. The Data was obtained through in-depth interviews, document analysis, and case studies from several countries that have implemented different natural resources management policies. The results showed that countries with sustainability-based natural resource management policies, such as the implementation of strict regulations, transparency of governance, and downstream industries, were able to increase the contribution of natural resources to national economic growth. Conversely, countries that still rely on exports of raw materials with no added value tend to face economic volatility due to fluctuations in global market prices. In addition, inequality in the distribution of Natural Resources benefits is also a major problem, where most of the benefits are only enjoyed by a few parties, while the affected local communities do not get the corresponding benefits. Therefore, the study recommends strengthening regulation, investment in the processing industry, as well as the application of circular economy principles to ensure sustainable and inclusive management of Natural Resources.

Keywords: *Natural Resource Management, economic growth, sustainability, downstream industry, governance, benefit distribution.*

INTRODUCTION

Natural resources (SDA) are one of the main assets that support the economic growth of a country. The abundance of natural resources, such as oil, gas, minerals, forests, and marine products, can be a determining factor in increasing state revenues, creating jobs, and accelerating infrastructure development. In many developing countries, the natural resources sector is often a major contributor to Gross Domestic Product (GDP) and a major source of export earnings. However, the effectiveness of Natural Resources Management largely determines whether these resources can provide long-term benefits to the economy or actually cause inequality and environmental degradation. Although natural resources have great potential in improving the welfare of the community, their management is not optimal often cause various problems. Overexploitation can result in environmental degradation, such as deforestation, water pollution, and climate change, which ultimately negatively affects the productivity of Natural Resources themselves. In addition, inefficiency in management, both in terms of regulation and policy implementation, can inhibit the contribution of natural resources to national economic growth. Inequality in the distribution of benefits is also a crucial issue, where the benefits of the natural resources sector are more enjoyed by large companies or certain groups, while local communities often do not get comparable benefits.

The impact of Natural Resources Management on the national economy can be seen in various aspects, including its contribution to GDP, job creation, and long-term economic stability. Some countries have successfully utilized natural resources as a driving force for economic growth, such as Norway with a sustainable oil management model. On the other hand, there are also countries that fail to optimize natural resources so that they experience economic stagnation or excessive dependence on the primary sector, which is known as the resource curse phenomenon. Therefore, it is important to evaluate the extent to which natural resources management policies can have a positive impact on the national economy and determine strategic steps to improve it.

Natural resource management plays a crucial role in economic development, but its effectiveness depends on governance and policies (Мамболео, 2023). Proper management can create employment, drive growth, and alleviate poverty, while poor management leads to lost economic opportunities (Мамболео, 2023). Effective policies are needed to improve access to resources, strengthen service delivery, and promote community-based management (Simasiku et al., 2010). Economic arguments for improved natural capital management often rely on basic calculations and existing analytical work (Drakenberg et al., 2009). Community-Based Natural Resource Management (CBNRM) has shown success in various countries, particularly in water resource management, but has failed in some wildlife conservation efforts (Ilupi et al., 2017). Factors contributing to CBNRM failure include uneven benefit distribution, lack of empowerment, and low community participation (Ilupi et al., 2017). Overall, natural resources can significantly contribute to economic development when managed effectively (Мамболео, 2023).

This study aims to review the effectiveness of Natural Resources Management in improving the national economy. By analyzing various policies, best practices, and challenges faced in managing natural resources, this study is expected to provide valuable insights for policy makers, industry players, and the wider community. In addition, a sustainability-based approach needs to be implemented to ensure that the economic benefits of natural resources can be enjoyed not only by the current generation, but also by future generations.

METHODS

This study uses a qualitative approach to understand the effectiveness of Natural Resource Management in improving the national economy. This approach was chosen because it allows in-depth exploration of policies, management practices, and their impact on the economy. With qualitative, this research can explore broader perspectives from various stakeholders, including the government, private sector, and affected communities. In addition, this method helps in understanding the social, economic, and environmental factors that affect the effectiveness of Natural Resource Management.

This study is descriptive qualitative, which aims to describe and analyze the effectiveness of natural resource management policies based on data collected from various sources. Through this approach, the research seeks to explain how management policies and strategies are implemented and to what extent they have an impact on national economic growth. In addition, this study also uses case studies to examine examples of countries or regions that have implemented various natural resource management strategies. By comparing various management models, this study can identify the success factors and obstacles faced in the optimization of natural resources for the national economy.

This study used two main types of data, namely primary data and secondary data. Primary Data was obtained through in-depth interviews with various stakeholders, including government officials, academics, industry players, affected communities, and non-governmental organizations (NGOs) focusing on environmental and economic management. In addition, this study also held a Focus Group Discussion (FGD) with economic and environmental experts to get a more comprehensive perspective. If possible, the study will also conduct field observations to see directly the implementation of natural resource management policies. Meanwhile, secondary data is obtained from various reliable sources, such as policy documents, government reports, scientific journals, and publications from international organizations such as the World Bank, IMF, and UNDP. In addition, this study also examines news articles, industry reports, and NGO publications related to the management of Natural Resources and their impact on the economy.

Several data collection techniques were used in this study to ensure the accuracy and diversity of the information obtained. One of the main techniques is the semi-structured interview, which allows flexibility in exploring the opinions and experiences of respondents. Another technique is Document Analysis, which is used to review various regulations, policies, and reports related to the management of Natural Resources. In addition, FGDs are carried out to obtain a collective perspective and understand the dynamics that occur in the management of natural resources from various points of view. The Data obtained in this study will be analyzed using thematic analysis, where the main patterns and themes in interviews and documents will be identified to find trends and relationships that are relevant to the effectiveness of Natural Resources Management. In addition, data triangulation is carried out by comparing various sources of information in order to increase the validity of research results. The final results of this analysis will be interpreted qualitatively to highlight the impact of natural resource management policies on the national economy and provide insights for policy makers and other stakeholders.

RESULTS AND DISCUSSION

Here are some interview excerpts from research results related to the effectiveness of Natural Resource Management (SDA) in improving the national economy.

Officials from the Ministry of energy and Mineral Resources (ESDM) stated,

"The downstream policy has had a positive impact on the national economy, especially in increasing the added value of commodities. However, our biggest challenge is to ensure that the processing infrastructure is adequately available and that the investment is sustainable."

An academic from the field of Economics delivered,

"Natural resources do have great potential, but without good governance, natural resources can actually become a burden. Inequality in the distribution of benefits and overexploitation are problems that must be addressed immediately through sustainability-based policies."

From an industry perspective, a mining company manager said,

"Regulatory uncertainty is often a major obstacle to long-term investment. We need legal certainty in order to operate more stably, while still carrying out our environmental responsibilities."

Meanwhile, a resident who lives around the mining area revealed, *"We feel the negative impact of exploitation of natural resources, such as water pollution and reduced agricultural land. Unfortunately, the economic benefits of mining in our area are not really felt by the surrounding community."*

An environmental activist from a non-governmental organization (NGO) added,

"If the exploitation of Natural Resources continues without considering the environmental impact, we will lose valuable ecosystems. The government should be stricter in monitoring and enforcing regulations against irresponsible companies."

The results of this interview reveal that although natural resources have great potential to improve the national economy, challenges in regulation, benefit distribution, and environmental impact are still the main obstacles that need to be resolved with a more sustainable and inclusive approach.

The management of Natural Resources (SDA) in the countries studied showed differences in the effectiveness of policies and their implementation. Some natural resources sectors, such as energy and mining, contribute significantly to Gross Domestic Product (GDP) and state revenues through taxes and royalties. However, the effectiveness of Natural Resources Management still faces challenges, especially in terms of sustainability and distribution of economic benefits. In some cases, natural resources management policies implemented by the government have shown progress in improving transparency and efficiency of natural resources utilization. For example, sustainability-based policies are beginning to be implemented in the Forestry and fisheries sectors to prevent overexploitation. However, other sectors, such as extractive industries, still face problems related to corruption, regulatory imbalances, and weak supervision of companies that manage natural resources.

The analysis shows that natural resources have a considerable contribution to national economic growth, both in the form of commodity exports, job creation, and foreign investment. The mining and energy sectors, for example, are the main sources of state income through taxes and dividends of state companies. However, economic dependence on Natural Resources also brings challenges, especially when global commodity prices experience sharp fluctuations, which have an impact on national economic stability. Case studies analyzed in this study show that countries that are successful in managing natural resources effectively tend to have clear policies, transparent governance systems, and investments in research and development of sustainable natural resource exploitation technologies. Conversely, countries that fail to manage natural resources tend to experience high dependence on raw natural resource exports, low added value from natural resource-based industries, and the emergence of significant environmental and social impacts.

One of the main findings in this study is that the effectiveness of Natural Resources Management Policies is highly dependent on the quality of regulation and its implementation. Countries that implement sustainability-based policies, such as incentives for industries that implement green economy principles and strict regulations against overexploitation of natural resources, tend to have more stable and long-term economic impacts. In contrast, policies that focus solely on exploitation without considering sustainability often result in a decrease in the quality of natural resources, environmental degradation, and economic inequality. In addition, the study also found that transparency in the governance of Natural Resources plays an important role in improving policy effectiveness. Countries with clear reporting systems and strong monitoring mechanisms are better able to optimize the economic potential of Natural Resources and minimize corruption and monopoly practices in natural resource management.

The management of Natural Resources (SDA) faces various challenges and obstacles that can hinder its effectiveness in supporting national economic growth. Overexploitation and environmental degradation are among the main problems, where unsustainable extraction activities lead to deforestation, water pollution and reduced soil fertility, ultimately threatening the sustainability of the natural resources themselves. In addition, the lack of economic diversification makes many countries overly dependent on raw natural resource exports, making them vulnerable to fluctuations in global commodity prices and creating economic instability. Inequality in the distribution of Natural Resources benefits is also an obstacle, where the benefits of natural resources exploitation are often only enjoyed by a few elites or large companies, while affected local communities do not get balanced benefits, even experiencing negative impacts such as land loss and environmental pollution. Weak regulation and lack of transparency in natural resources governance are also major obstacles, with rampant corruption, weak oversight, and policies that often favor the interests of industry over environmental sustainability and public welfare. Therefore, to overcome this challenge, more stringent policies, strengthening transparent governance, and investment in environmentally friendly technologies are needed to ensure more effective and sustainable management of Natural Resources.

The successful management of Natural Resources (SDA) is highly dependent on several key factors that ensure their utilization can provide economic benefits without damaging the environmental balance. Strong policies and regulations are a major factor, where the government must establish clear rules regarding exploitation, conservation, and monitoring and enforcement mechanisms to prevent overexploitation. The application of environmentally friendly technology also plays an important role in improving the efficiency of natural resources utilization, reducing waste, and minimizing negative impacts on the ecosystem. In addition, participation-based management involving the government, private sector, academia, and local communities can create a balance between economic interests and sustainability. Transparency and accountability in the governance of Natural Resources is also a supporting factor, where strict supervision and disclosure of information can prevent corruption and ensure that the benefits of natural resources are enjoyed fairly by all levels of society. Furthermore, economic diversification that reduces dependence on the exploitation of raw natural resources and encourages downstream industries can increase added value, create more jobs, and reduce vulnerability to fluctuations in global commodity prices. By optimizing these factors, natural resources management can be more effective in supporting sustainable national economic growth.

The results of this study indicate that the effectiveness of Natural Resource Management (SDA) is strongly influenced by government policies, transparent governance, and the application of technology in exploitation and conservation. In many cases, countries that manage natural resources well tend to have strict regulations, policies that support sustainability, and effective surveillance systems. On the other hand, countries that have failed in managing natural resources often face problems such as overexploitation, inefficiency in the distribution of benefits, and weak supervision that leads to corruption and environmental degradation. This indicates that without proper regulation, the utilization of natural resources can have more negative impacts than long-term economic benefits.

One of the important findings in this study is the role of downstream industries and economic diversification in increasing the added value of Natural Resources. Countries that only export raw materials tend to experience economic volatility due to dependence on global commodity prices. On the contrary, countries that invest in the processing industry are able to increase national income, create more jobs, as well as reduce the economic risks posed by fluctuations in international market prices. Therefore, policies that encourage investment in the processing industry as well as the development of other economic sectors are needed to maximize the benefits of natural resources for national economic growth. In addition, this study found that inequality in the distribution of Natural Resources benefits is still a major problem in many countries. In many cases, the benefits of exploitation of natural resources are more widely enjoyed by large companies and economic elites, while the affected local communities do not get a commensurate benefit. In fact, they often face negative impacts such as environmental pollution, land conflicts, and the loss of traditional livelihoods. Therefore, policies are needed that ensure the existence of profit redistribution mechanisms, such as Corporate Social Responsibility (CSR) programs, increasing royalties for natural resource producing regions, and empowering local communities in the natural resource management sector.

From an environmental perspective, the sustainability of Natural Resources Management is a crucial aspect that must be considered in economic policy. If natural resources are exploited without considering sustainability, then the long-term impacts can be very detrimental, both economically and ecologically. Therefore, the application of green technology and circular economy practices is becoming an increasingly relevant solution in improving the efficiency of using natural resources and reducing negative impacts on the environment. Some countries that have succeeded in this regard have implemented policies that encourage the use of renewable energy, efficiency in the use of raw materials, as well as strict regulations in the protection of ecosystems.

Overall, the discussion in this study highlights that the effectiveness of Natural Resources Management in improving the national economy depends not only on the availability of the resources themselves, but also on how these natural resources are managed. Strong regulation, transparency in governance, community participation, and sustainable use of technology are key factors that determine whether natural resources can be a long-term asset or a source of economic and environmental problems. By understanding the various challenges and opportunities in natural resource management, more adaptive and strategic policies can be designed to ensure that a country's Natural Resources truly provide optimal benefits for people's welfare and national economic growth.

CONCLUSIONS

This study confirms that the effectiveness of Natural Resource Management (SDA) in improving the national economy is highly dependent on strong policies, transparent governance, and the application of sustainable technology. Countries that are successful in managing natural resources tend to have strict regulations, good supervision systems, and downstream strategies that can increase added value and reduce dependence on raw material exports. On the contrary, overexploitation, inequality in the distribution of benefits, and weak supervision can lead to environmental degradation and economic instability. Therefore, policies are needed that balance the use of natural resources with the principle of sustainability, including the implementation of a circular economy, incentives for green industries, as well as mechanisms for equitable redistribution of benefits to local communities. With a more strategic and sustainable approach, natural resources can become a key pillar in supporting stable and inclusive national economic growth.

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