

Original Article

The Impact of Tin Trade Governance Cases on Community Purchasing Power in Bangka Belitung Province: A Case Study on the Sustainability of MSME

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Abstract:

Tin mining has long served as the economic backbone of Bangka Belitung Province, but governance disruptions in the tin trade have recently triggered socio-economic instability. This study aims to evaluate how tin trade governance cases have affected community purchasing power and the sustainability of micro, small, and medium enterprises (MSMEs) in the province. Employing a qualitative evaluative approach, data were collected through in-depth interviews, field observations, and document analysis. The study reveals a heterogeneous impact: while communities directly dependent on tin mining experienced sharp declines in purchasing power and business turnover, sectors less reliant on mining—such as smallholder coffee farming—demonstrated stronger resilience. Informal intermediaries initially buffered economic shocks but their sudden disappearance intensified local instability. The findings highlight the critical role of livelihood diversification in enhancing economic resilience and underscore the need for governance reforms to include socio-economic safeguards for affected communities. Overall, the study contributes to the literature on natural resource governance by providing micro-level insights into how governance crises propagate through local economies.

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Introduction

The mining sector plays a strategic role in Indonesia's economy, particularly in resource-rich regions such as the Bangka Belitung Islands Province. For decades, tin mining has served as the backbone of the regional economy, functioning not only as a source of regional revenue but also as a primary driver of local economic activities

[\(Firman, 2019; Resosudarmo et al., 2012\)](#). This strong dependence on extractive industries has shaped an economic structure that is highly vulnerable to governance disruptions, market fluctuations, and regulatory interventions in natural resource management.

In recent years, the emergence of high-profile cases related to tin trade governance has generated significant economic uncertainty in Bangka Belitung. Problems in the governance of natural resource trade do not only affect the mining sector itself but also produce substantial multiplier effects on community purchasing power and the sustainability of micro, small, and medium enterprises (MSMEs) that depend on local economic circulation [\(Auty, 2001; Humphreys et al., 2007\)](#). Previous studies indicate that disruptions in a region's dominant economic sector often lead to declining household consumption and weakened informal economic activities [\(Todaro & Smith, 2020\)](#).

Community purchasing power is a critical indicator of economic welfare and social stability. A decline in purchasing power reflects not only reduced income levels but also has direct implications for the sustainability of MSMEs, which constitute the largest source of employment in Indonesia [\(Tambunan, 2019; Beck et al., 2005\)](#). In mining-dependent regions, MSMEs—such as food stalls, small retailers, and service providers—are closely linked to the spending capacity of mining workers (Hilson, 2016). When mining activities are disrupted due to governance or legal issues, these supporting sectors are often among the most severely affected.

Nevertheless, the economic impacts of natural resource governance crises are not uniformly experienced across communities. Several studies demonstrate that households with diversified livelihood strategies tend to be more resilient to economic shocks than those relying on a single income source [\(Ellis, 2000; Scoones, 2015\)](#). Livelihood diversification has been widely recognized as an adaptive strategy that enhances household resilience and supports the sustainability of small businesses in resource-dependent regions [\(Barrett et al., 2001\)](#).

In the context of Bangka Belitung, existing studies on tin trade governance have largely focused on legal frameworks, state revenue losses, and environmental degradation. In contrast, in-depth investigations into the micro-level socio-economic consequences—particularly concerning community purchasing power and MSME sustainability—remain limited (Suryanto & Kurniawan, 2021). Understanding the lived experiences and perceptions of local economic actors is crucial for designing recovery policies that are context-sensitive and socially equitable [\(Chambers, 1994; Creswell & Poth, 2018\)](#).

Addressing this gap, the present study evaluates the impact of tin trade governance cases on community purchasing power and the sustainability of MSMEs in the Bangka Belitung Islands Province. The study adopts a qualitative evaluative approach to explore how changes in tin trade governance are perceived and experienced by local economic actors, including miners, traders, and small business owners. This approach is particularly appropriate for capturing social contexts, narratives of change, and complex economic relationships that cannot be adequately explained through quantitative methods alone [\(Patton, 2015; Miles et al., 2014\)](#).

Theoretically, this study contributes to the literature on natural resource economics by providing micro-level insights into the socio-economic consequences of mining governance in resource-dependent regions. Practically, the findings are expected to

inform policymakers at both regional and national levels in formulating recovery strategies that extend beyond legal enforcement to include the protection of community purchasing power and the long-term sustainability of MSMEs as critical buffers of local economic resilience outside the mining sector.

Methods

Research Method

This study employed a qualitative evaluative research design to examine the socio-economic impacts of the tin trading governance case on community purchasing power and the sustainability of micro, small, and medium enterprises (MSMEs) in Bangka Belitung Province. A qualitative evaluative approach was chosen because it allows for an in-depth understanding of how a particular policy event or socio-economic phenomenon is experienced, interpreted, and responded to by social actors within their real-life contexts, rather than aiming for statistical generalization ([Creswell & Poth, 2018; Patton, 2015](#)). This approach is particularly appropriate for capturing narratives of change, perceived impacts, and contextual dynamics related to economic shocks affecting local livelihoods.

Study Area and Research Subjects

The research was conducted in several locations within Bangka Belitung Province, with a particular focus on areas affected by the tin mining supply chain, including coffee plantations, small-scale mining communities, and local economic actors. Key informants were selected from actors directly and indirectly affected by the tin trading governance case, including tin miners, plantation owners, MSME actors, and local community members. The study initially targeted coffee shop owners in Manggar City; however, following field evaluation and methodological adaptation, the research focus expanded to include actors across the tin supply chain, from upstream production to downstream retail activities.

Data Sources

This study utilized both primary and secondary data sources.

1. Primary data were obtained through in-depth interviews and field observations, aimed at capturing participants' perceptions of changes in purchasing power, business sustainability, and economic resilience before and after the tin trading governance case. Interviews were guided by key indicators, including: (1) community purchasing power prior to the tin trading case, (2) changes in purchasing power following the case, and (3) the sustainability of local businesses in the post-case period
2. Secondary data consisted of policy documents, government reports, news articles, and relevant statistical records related to tin mining governance and regional economic conditions. These documents were used to contextualize empirical findings and support data triangulation ([Bowen, 2009](#)).

Sampling Technique

Informants were selected using a combination of purposive sampling and snowball

sampling techniques. Purposive sampling was applied to identify initial respondents who met specific criteria, such as having direct involvement in tin mining activities or MSME operations and possessing experience relevant to the study period ([Patton, 2015](#)). Snowball sampling was subsequently employed to expand the pool of informants based on recommendations from initial participants, enabling the researcher to reach actors embedded within interconnected economic and social networks affected by the tin trade disruption ([Noy, 2008](#)). This approach strengthened the empirical and theoretical validity of the findings by capturing diverse perspectives within the local economy.

Data Collection Techniques

Data collection was carried out through:

1. Semi-structured interviews, allowing flexibility to explore participants' experiences and interpretations while maintaining consistency with the study's analytical indicators.
2. Non-participant and situational observations at respondents' workplaces and residential areas to document current economic conditions and business activities.
3. Documentation, including photographs, videos, and relevant written records, to support observational and interview data

Data Analysis

Data analysis followed a thematic analysis approach, involving data reduction, coding, categorization, and interpretation ([Braun & Clarke, 2006](#)). Interview transcripts and field notes were systematically coded to identify recurring themes related to economic impact, livelihood adaptation strategies, and perceptions of policy uncertainty. The analysis emphasized understanding how and why the tin trading governance case influenced purchasing power and business sustainability from the perspective of affected communities. Triangulation across data sources was employed to enhance credibility and ensure the robustness of findings ([Miles et al., 2014](#)).

Results

Overview of Empirical Findings

This study examines the impact of the tin trading governance case on community purchasing power and the sustainability of micro, small, and medium enterprises (MSMEs) in the Province of Bangka Belitung Islands using a qualitative evaluative approach. Based on primary data from in-depth interviews and field observations, complemented by secondary data from documents and media reports, the findings indicate that the impact of the tin trading case is not uniform. Instead, it varies significantly depending on the degree of economic actors' dependence on the tin mining value chain.

Field evidence reveals a clear distinction between economic sectors that are directly dependent on tin mining activities and those that operate relatively independently from the mining sector. This differentiation emerges strongly from the narratives of respondents representing coffee farmers and artisanal tin miners. These contrasting experiences form a critical analytical basis for understanding why purchasing power contracts sharply in certain community groups, while remaining relatively stable in

others.

Impact of the Tin Trading Case on Community Purchasing Power

Interviews with coffee farmers in the Petaling area demonstrate that the 2023 tin trading governance case did not directly affect economic activities in the smallholder coffee plantation sector. Production processes—from cultivation and maintenance to harvesting—continued as usual, while selling prices and demand remained relatively stable. This finding suggests that non-mining sectors, particularly small-scale agriculture, exhibit a higher level of economic resilience to shocks originating from the mining sector.

In contrast, substantial impacts were experienced by communities whose livelihoods depend directly on tin mining. The reduction in mining activities led to a decline in cash circulation in mining areas, which in turn weakened miners' purchasing power. This contraction generated spillover effects on surrounding MSMEs, including food stalls, grocery vendors, and daily necessity suppliers. Declining business turnover among these enterprises reflects the broader weakening of local consumption driven by disruptions in miners' income streams.

Importantly, the findings also indicate heterogeneity among miners themselves. Some miners were less vulnerable due to prior income diversification strategies, such as oil palm farming, pepper cultivation, or livestock activities. These alternative livelihoods functioned as economic buffers that helped sustain household consumption levels during periods of uncertainty in the tin sector.

Tin Trading Dynamics and MSME Sustainability

Interviews with artisanal tin miners reveal more complex dynamics. During the early phase of the corruption case exposure, mining activities remained relatively stable due to the continued presence of collectors who absorbed tin output at stable prices. These informal intermediaries played a critical role in sustaining miners' income and maintaining short-term purchasing power within mining communities.

However, the situation changed drastically following the sealing of a key actor's residence within the tin trading network. The sudden disappearance of collectors disrupted the distribution chain, leaving miners unable to sell accumulated output. This breakdown directly halted income flows, increased household economic uncertainty, and sharply reduced the community's capacity to meet daily needs.

For MSMEs embedded in the mining-based local economy, this disruption posed a serious threat to business sustainability. High dependence on miners' consumption made these enterprises structurally vulnerable to governance shocks in the tin trading system. Consequently, MSME sustainability is shown to depend not only on internal business capacity, but also on the stability of the broader sectoral economic structure.

Discussion

Theoretical Interpretation of Findings

The findings align with sectoral dependency theory, which argues that regions with high reliance on a single commodity are more vulnerable to economic shocks triggered by governance failures or market disruptions ([Auy, 2001; Sachs & Warner, 2001](#)). In Bangka Belitung, tin functions as a dominant economic sector shaping local income structures. When tin governance is disrupted, the effects cascade through reduced

purchasing power and contracted local consumption.

Conversely, the relative stability of smallholder coffee farming supports theories of economic diversification and livelihood resilience, which emphasize that diversified income sources enhance households' capacity to absorb external shocks ([Ellis, 2000](#); [Barrett et al., 2001](#)). This study empirically reinforces the importance of non-extractive sectors in strengthening local economic resilience in resource-dependent regions.

Previous studies on tin mining in Bangka Belitung have predominantly focused on environmental degradation, social conflict, and macro-level governance issues ([Erman, 2017](#); [Haryadi & Putra, 2019](#)). These studies tend to treat local communities as a relatively homogeneous group affected by mining externalities.

In contrast, this study highlights micro-level variations in economic impact by distinguishing between actors directly embedded in the tin value chain and those operating outside it. Moreover, while earlier literature often emphasizes formal regulatory mechanisms, this research demonstrates that informal actors—particularly collectors—temporarily function as economic stabilizers by maintaining income circulation during the early stages of governance crises. This finding extends prior research by revealing non-linear and phase-specific impacts of governance disruptions, a dimension that remains underexplored in existing studies.

The primary novelty of this study lies in its qualitative evaluative approach that conceptualizes the tin trading governance case as a dynamic, multi-layered phenomenon rather than a static policy failure. The study not only identifies the presence or absence of economic impacts, but also explicates the mechanisms through which such impacts are produced and differentiated across social groups.

Another key contribution is the identification of informal intermediaries as short-term economic buffers and the emphasis on livelihood diversification as a determinant of MSME sustainability. By linking governance disruption, purchasing power dynamics, and MSME resilience at the local level, this research offers a novel contribution to the literature on natural resource governance and community-based economic sustainability.

Policy and Academic Implications

From a policy perspective, the findings suggest that governance reforms in the tin sector must be accompanied by social-economic mitigation strategies at the grassroots level. Strengthening non-mining sectors and supporting income diversification are crucial to stabilizing purchasing power and ensuring MSME sustainability during periods of sectoral turbulence.

Academically, this study opens avenues for further research on the role of informal economic actors and adaptive livelihood strategies in mediating the impacts of governance crises in extractive industries. Future studies could build on this framework by incorporating additional stakeholder groups, such as food vendors and supply-chain intermediaries, to enrich the analytical model.

Conclusion

The study concludes that governance crises in the tin trade sector have differential impacts on local economies depending on the degree of dependency on mining income. Directly affected mining communities experienced reduced purchasing power and declining MSME performance, whereas non-mining sectors like smallholder agriculture

maintained relative stability. Livelihood diversification emerged as a key factor in mitigating the adverse effects of governance disruption.

Policy interventions should not focus solely on legal reforms but must integrate socio-economic recovery strategies. Strengthening non-mining sectors, promoting diversified livelihoods, and supporting MSMEs through financial inclusion and training programs are essential to sustaining local resilience. Local governments should develop safety nets for households dependent on extractive sectors to prevent economic shocks from cascading into broader community crises.

This study's qualitative approach, while rich in contextual depth, limits its generalizability. The focus on selected communities within Bangka Belitung may not capture all regional variations, and the reliance on interview-based narratives introduces potential subjectivity.

Future studies should adopt mixed-method approaches to quantify the magnitude of income and consumption changes. Comparative research across other resource-dependent regions in Indonesia could deepen understanding of adaptive strategies under governance crises. Additionally, exploring the long-term roles of informal intermediaries in stabilizing local economies could enrich policy frameworks for sustainable natural resource governance.

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