

GAME THEORY ANALYSIS OF PROSPECTS OF FORMAL AND INFORMAL INSTITUTIONS TOBACCO INDUSTRY IN GRESIK REGENCY

Gigih Pratomo¹, Adhitya Wardhono², Ciplis Gema Qo'riah³, Satrio Wicaksono⁴

Abstract

Institution is a rule of the game and organizations that play an important role in regulating the use and allocation of resources in an efficient, equitable and sustainable [1][2][3][9]. Institution will provide an important change in terms of industrial and agricultural sectors in tobacco plants. The research aims to identify prospects existence of formal and informal institutions against the tobacco industry in Gresik. The research data is primary and secondary data. Research sites focused on Gresik. Technical analysis of data is using descriptive analysis and game theory. The results showed that the existence and role of formal and informal institutions will provide a new euphoria in the tobacco industry in Gresik. This is indicated by an effort to increase awareness of the importance of communication between economic actors in the tobacco industry.

Keywords:-*game theory; prospects; institution; industry; tobacco*

Introduction

Institution is rule of the game with an important role in regulating the use and allocation of resources in efficient, equitable and sustainable [3][9]. Furthermore, Williamson (1998) showed differences in definition of institutional justification becomes the New Institutional Economics (NIE) and The Institutional Government. New Institutional Economics (NIE) is a rule of the game which includes policy, justice, contract and property rights. Meanwhile, The Institutional Government is the institution that regulates the institutional market, corporate, and bureaucratic. On the other hand, institutions consist of informal institutions and formal institutions [8]. Formal institutions are institutions that have the rule of law and regulation legality of the government. Informal institutions are institutions that run out of legality formal system and has no legal force. Therefore, the basically institutional implications will provide an important change in terms of industrial and agricultural sectors in tobacco plants. One of the agriculture and industrial sectors relationship within the framework of the tobacco economy.

¹ Department of Research, Economics and Law Reform Institute (ECOLARI), Gresik, Indonesia, email: gigih.pratomo@gmail.com

² Department of Economic, Faculty of Economics, Jember University, Jember, Indonesia, email: a_wardhono@yahoo.com

³ Department of Economic, Faculty of Economics, Jember University, Jember, Indonesia, ciplis_qoriah@yahoo.com

⁴ Department of Research, Economics and Law Reform Institute (ECOLARI), Gresik, Indonesia, email:satrio.wicaksono@aol.com