

IMPLICATIONS OF MINING CONCESSION ACCEPTANCE FOR RELIGIOUS ORGANIZATIONS: A CASE STUDY OF MUHAMMADIYAH

Shidiq Setyo Adhi Nugroho¹, David Efendi²

^{1,2} Program Studi Ilmu Pemerintahan, Universitas Muhammadiyah Yogyakarta, Indonesia

shidiqsetyoadhi75@gmail.com

*corresponding author

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ABSTRACT

This study examines the implications of mining concessions being accepted by religious community organizations, focusing on the case study of Muhammadiyah in Indonesia. As the largest Islamic organization in Indonesia, the institution is involved in natural resource management through the acceptance of mining concessions granted by the government. This creates a dilemma between economic interests and religious, ecological and social values. The objective of this research is to analyze the impact and implications on the patron-client relationship between the government and Muhammadiyah, the relationship with local communities, and the environmental and economic implications. The methodological approach adopted is of a qualitative nature, employing a case study strategy that encompasses secondary data analysis from research documents and Indonesian mining regulations. The results indicate an ethical dilemma concerning the exploitation of resources, which is in conflict with the ideological values of Muhammadiyah, as well as with the principles of sustainability and Islamic values. Furthermore, the results demonstrate a conflict with local communities due to pollution and deforestation, and there is a risk of declining public trust in Muhammadiyah. The study's findings underscore the significance of integrating Islamic ethics through transparency and community participation to mitigate adverse effects and bolster muhammadiyah's societal function.

INTRODUCTION

The mining sector in Indonesia has long been a key pillar of the national economy. It has contributed approximately 10-12% to Gross Domestic Product (GDP) in recent decades, with abundant mineral and coal reserves such as nickel, copper, gold, and tin spread across regions such as Sulawesi, Papua, and Kalimantan (Karmini et al., 2022). However, the management of this sector is often marred by numerous corporate controversies. This is in line with research that states that the dominance of large multinational and national companies tends to prioritize commercial profits over the welfare of local communities, resulting in environmental issues such as deforestation, water pollution, and social conflict around mining areas (B. Salinding, 2019).



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Nugroho and Efendi, *Implications of Mining Concession Acceptance for Religious Organizations: A Case Study of Muhammadiyah* (2025)

Mining policy in Indonesia is based on Law Number 4 of 2009 concerning Mineral and Coal Mining, which is then implemented through various derivative regulations, including Government Regulation Number 96 of 2021 concerning the Implementation of Mineral and Coal Mining Business Activities. This policy initially limited the granting of Mining Business Permits (IUP) only to business entities in the form of limited liability companies or cooperatives, which indirectly strengthened the oligopoly in this sector and suppressed the participation of non-commercial actors (Abdul Wahab Podungge et al., 2025). Furthermore, this change reflects the state's efforts to realize the vision of Golden Indonesia 2045. In this regard, research conducted by Swari & Cahyani in 2022 has explained that this policy is an effort by the state to emphasize sustainable development and equitable distribution of welfare, by integrating socio-religious dimensions in natural resource management (Swari & Cahyani, 2022).

Government Regulation Number 25 of 2024 concerning Amendments to Government Regulation Number 96 of 2021 marks a turning point in Indonesian mining regulation. This signifies the expansion of the scope of IUP recipients to include religious community organizations (ormas), which was previously not explicitly accommodated (Prastika et al., 2024). This policy emerged from a lengthy dialogue between the Ministry of Energy and Mineral Resources (ESDM), the Ministry of Religious Affairs, and various stakeholders. This aligns with research that states that this policy is a step in response to criticism that mining management has been too centralized and insensitive to local-religious contexts (Pangaribuan, 2025).

The government's rationale for this policy centers on three main pillars: community economic empowerment, diversification of mining actors, and inclusive development (Gumilar & Dirkareshza, 2025). Community economic empowerment aims to provide direct access for religious organizations to manage natural resources, so that revenue from mining concessions can be allocated to social programs such as education, health, and women's empowerment, which align with the organization's mission of da'wah and humanity. This is in line with research conducted by Yuwana in 2022, which showed that community economic empowerment can be implemented by utilizing human assets, economic assets, social assets, and cultural assets (Yuwana, 2022).

Furthermore, the need for diversification of mining actors is intended to reduce monopolies by large companies, encourage healthy competition, and broaden the local economic base through the involvement of non-commercial entities, which are expected to suppress destructive extractive practices. In this regard, research conducted by Gao in 2023 emphasized that mining industry monopolies have an impact on declining innovation in non-mining sectors and worsening the distribution of economic benefits (Gao et al., 2023). In addition to reducing monopolies, diversification of mining actors also aims to expand employment opportunities, increase local economic resilience, and reduce dependence on the mining sector alone. This is in line with research stating that, through the involvement of non-commercial entities, such as civil society organizations or government agencies, this diversification will broaden the local economic base by creating new job opportunities and improving the welfare of local communities (Breul & Atienza, 2022).

Inclusive development emphasizes the participation of marginalized groups, including religious communities, in the mining value chain, thus supporting the Sustainable Development Goals (SDGs) agenda, particularly goals 8 (decent work and economic growth) and 10 (reduced inequality). However, the implementation of this policy is not free from administrative challenges, such as capital requirements, technical expertise, and



oversight to prevent abuse, which require inter-agency coordination (Hening Purwati Parlan & Saiful Bahri, 2024). In this context, Muhammadiyah, as the largest religious organization in Indonesia with an extensive network throughout the archipelago, is an ideal case study because it has experience in managing economic assets such as hospitals, schools, and other charitable endeavors, which can be adapted to the mining sector (Meisari & Abdullah, 2025). The following is a list of religious organizations that received IUP/IUPK as seen in the table below:

Table 1. List of Religious Organizations that received IUP/IUPK

No	Name of Religious Organization	Status of IUP/IUPK	Information
1.	PBNU (Nahdlatul Ulama Executive Board)	Have obtained IUP, received mining management permit.	The coal IUP in East Kalimantan covers an area of \pm 26,000 hectares.
2.	Central Executive Board of Muhammadiyah	Accepted , stated willingness and is processing.	Through an internal study, PP Muhammadiyah stated that it is ready to manage the former PKP2B mine.
3.	PP Islamic Unity (PP Persis)	Ready to receive IUP / declare readiness.	Persis said it had been conducting studies for several months and preparing the requirements.

Source: data processed by researchers

As shown in Table 1, several religious organizations in Indonesia have received or expressed their readiness to receive Mining Business Permits (IUP) or Special Mining Business Permits (IUPK) from the government. Other research suggests that the data aims to illustrate the latest dynamics in the relationship between the state and religious organizations in the context of natural resource management (Prastika et al., 2024). As shown in the table, the Nahdlatul Ulama Central Executive Board (PBNU) became the first religious organization to obtain a coal mine management permit in East Kalimantan, covering an area of approximately 26,000 hectares. This aligns with research showing that PBNU has taken concrete steps to implement the government's policy mandate regarding the granting of mining concessions to mass organizations (Gumilar & Dirkareshza, 2025).

Simultaneously, the Muhammadiyah Central Leadership (PP) has expressed its readiness and is taking preparatory steps to oversee the former Coal Mining Contract of Work (PKP2B) mine. Studies have shown that Muhammadiyah's position shows a tendency to be cautious, based on careful internal reviews before formulating operational decisions (Rohma, 2025). On the other hand, the Islamic Union (Persis) has also expressed its willingness to accept the IUP, but is currently still in the administrative preparation and technical review stages (Astinda et al., 2024). The findings of this study indicate that the policy of granting mining permits to religious organizations has elicited a variety of responses, ranging from immediate implementation to review. (Gumilar & Dirkareshza, 2025).

The implications of accepting mining concessions for Muhammadiyah raise several new, complex issues. This is in line with research that states that accepting mining



concessions also has complex implications for Muhammadiyah, including how to integrate the principles of fiqh muamalah (Islamic economic law) that emphasizes justice, transparency, and environmental conservation (rahmatan lil alamin) with the operational realities of mining that pose a high risk of environmental degradation (Maulida et al., 2024). Furthermore, as an organization with an autonomous structure at the regional level, Muhammadiyah must face potential internal conflicts between central and regional or local leadership, where da'wah priorities may clash with demands for economic efficiency.

The implications of accepting mining concessions for religious organizations such as Muhammadiyah are not only limited to economic aspects, but also encompass social, ethical, and political dimensions that have the potential to trigger conflicts of interest between religious values and political-economic dynamics. On the one hand, this policy can strengthen Muhammadiyah's role as an agent of inclusive development, where revenue from mining is used to fund social programs that reach millions of people, thereby reducing dependence on donations and increasing the organization's financial independence (Meisari & Abdullah, 2025). However, on the other hand, there are crucial issues such as the potential conflict between religious ethics that reject excessive exploitation of nature based on the concept of khalifah fil ard (vicegerent on earth) in Islam and pressure to maximize production for national economic targets, which could lead to environmental degradation and protests from environmental activists or indigenous groups. Furthermore, the involvement of mass organizations in mining concessions risks drawing them into political networks, where lobbying from political parties or mining oligarchies could compromise Muhammadiyah's independence, as seen in previous cases of mining corruption such as the Freeport scandal or illegal mining in Kalimantan (Astinda et al., 2024). This potential for conflict is further complicated by the lack of technical experience of CSOs in the extractive industry, which requires partnerships with private companies and can potentially create dependency or unfair profit sharing (Policzer, 2024).

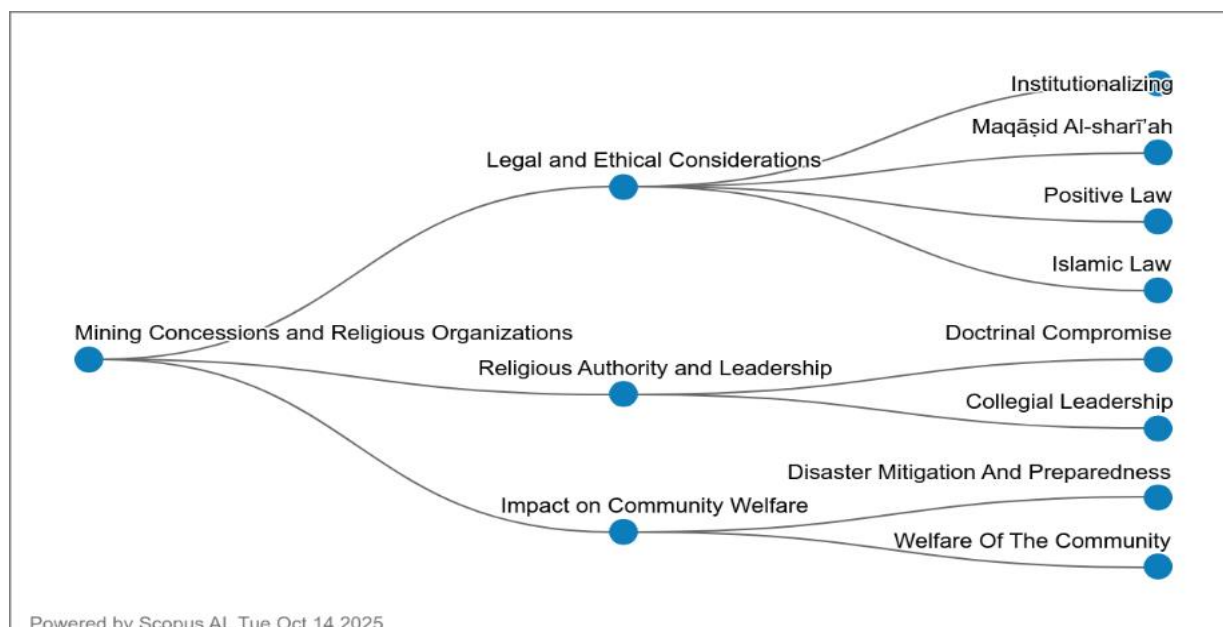


Figure 1. Global Research Concept Map

Source: Scopus AI, 2025



From Figure 1, it shows a conceptual map of global research produced by Scopus AI (2025) related to the theme of Mining Concessions and Religious Organizations. In terms of research on the Implications of Accepting Mining Concessions for Religious Organizations, the Muhammadiyah Case Study shows that Muhammadiyah is known for its systematic public relations strategy, which is implemented to maintain the identity and legitimacy of its organization through the concept of Progressive Islam. Efforts to obtain mining concessions have the potential to disrupt the established order of religious and social values, especially when perceived as prioritizing material prosperity over spiritual and social principles (Sumarlan et al., 2025).

The map above illustrates that the issue of religious organization involvement in natural resource management is not only related to economic aspects, but also encompasses legal, ethical, religious leadership, and community welfare dimensions. In this context, the field of Legal and Ethical Considerations emerges as a major branch that emphasizes the importance of balancing positive law, Islamic law, and the values of *maqāṣ id al-sharī'ah* in determining moral and institutional legitimacy in accepting mining concessions. This suggests that economic policies involving religious organizations must be based on the principles of justice, benefit, and institutional transparency (Fajrin et al., 2025).

The granting of Mining Business Permits (IUP) to religious organizations can be analyzed as a form of patron-client relationship, in which the state strategically integrates non-state actors into the power structure to maintain political and economic stability. In this case, research states that the co-optation framework for granting IUPs serves as a mechanism to attract religious organizations, which often have a mass base and social influence, into an alliance with the state, thereby reducing the potential for opposition or conflict over natural resource management (Freer, 2020). Meanwhile, other research explains that the granting of IUPs is a patron-client model that emphasizes a hierarchical relationship in which the state acts as a patron, granting exclusive access to religious organizations as clients, in exchange for political support, legitimacy, or social control, which in turn can strengthen state control over strategic economic sectors (Firdous et al., 2023)

Patron-client theory is a sociological approach that explains the asymmetrical relationship between a more powerful actor (patron) and a weaker actor (client), where the patron provides resources, protection, or benefits in exchange for loyalty, support, or services from the client. This theory originates from anthropological and political science studies, such as those developed by Scott (1972), who emphasized informal power dynamics in less institutionalized societies. In this context, the patron-client relationship is not formally contractual, but rather based on reciprocal exchanges that are often personal and long-term, thus allowing the patron to maintain his influence through social networks (Scott, 1972). The following is a visualization of the patron-client theoretical framework;



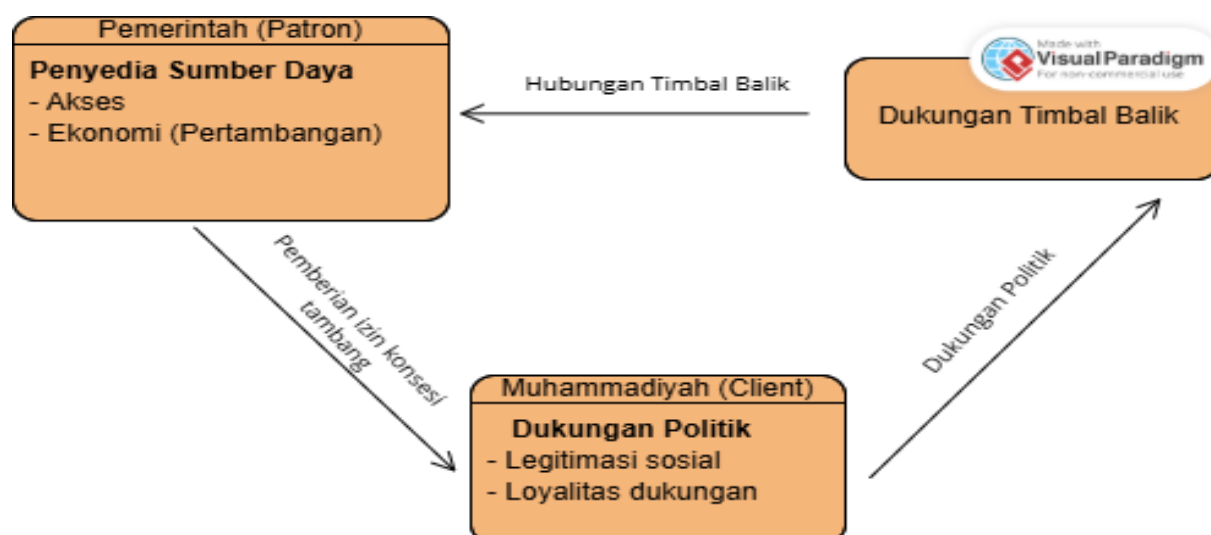


Figure 2. Visualization of the Theoretical Framework

Source: Data analysis by researchers

In Figure 2 above, James C. Scott, in his theory of patron-client, emphasizes key indicators such as asymmetrical relationships in which the patron (as a provider of resources, protection, or access to power) and the client (as a beneficiary who provides loyalty, support, or services) engage in informal and private reciprocal exchanges, rather than formal contracts. Other indicators include the client's dependence on the patron to overcome economic or political uncertainty, a network hierarchy that allows clients to become patrons for the weaker, and the risk of disintegration if rewards are unequal, which is often seen in the context of rural communities or local politics in Southeast Asia. This theory highlights how these dynamics maintain power through personal trust and can lead to betrayal if expectations are not met (Scott, 1972).

In this study, patron-client theory is used to analyze how religious organizations such as Muhammadiyah engage in relationships with economic or political actors who grant mining concessions as a form of patronage. Muhammadiyah, as the client, may receive economic benefits from the concessions to support its social activities, while also providing support or legitimacy to the patron (e.g., the government or a mining company). This approach allows for the exploration of implications such as potential conflicts of interest, erosion of organizational independence, or strengthening of informal power networks in the Indonesian context, where patron-client relationships often influence social and political dynamics (Husen, 2024).

The patron-client framework provides critical insights into how the acceptance of mining concessions can transform the role of independent religious organizations into part of a patronage network, potentially reducing their credibility in the eyes of the community. (Azizah, 2021). This analysis is relevant for understanding risks such as corruption, marginalization of vulnerable groups, or the strengthening of oligarchies, as seen in similar case studies in developing countries. Thus, this framework helps identify mitigation strategies, such as institutional reform, to maintain the integrity of religious organizations in the face of economic and political pressures.

METHOD

This study uses a qualitative method with a case study approach. Santa L Sitorus (2021) explains that case studies are one of seven types of qualitative research that aim to understand phenomena in depth (Sitorus, 2021). In this case, it examines the implications of Muhammadiyah's acceptance of mining concessions as a religious organisation, focusing on organisational dynamics and the patron-client pattern between the government and Muhammadiyah. Data was collected through secondary data analysis, including documents such as scientific journals, articles, and organisational archives. Data collection techniques included content analysis of social media and related publications. Data analysis was conducted thematically to identify patterns, themes, and implications, ensuring triangulation to enhance the validity of the findings. This approach was chosen because it allowed for an in-depth exploration of the complexity of the case without statistical generalisation, in line with the objective of understanding the specific context of Muhammadiyah within the framework of natural resource governance.

RESULTS AND DISCUSSION

Dynamics of Granting IUPs to Religious Organizations

The Indonesian government's policy regarding the granting of Mining Business Permits (IUP) to religious organizations (ormas agama) emerged as part of the post-1998 agrarian reform and natural resource wealth redistribution efforts. In this context, the government recognizes the role of religious organizations as social actors with extensive networks in society, especially in rural and rural areas, which can facilitate the sustainable management of mining resources. This is driven by chronic economic inequality, where the mining sector is often controlled by large corporations, so that the granting of IUP to religious organizations aims to encourage local community participation in economic development, reduce social conflict, and promote the principle of social justice as stated in Law Number 4 of 2009 concerning Mineral and Coal Mining.

Specifically, this policy was initiated through regulations such as the Minister of Energy and Mineral Resources Regulation, which allows religious organizations to obtain IUPs for small- to medium-scale mining activities, with a focus on resource utilization for social and religious purposes. The rationale includes a response to global pressures for sustainable development, as well as a recognition that religious organizations have the capacity to integrate ethical values and local wisdom into mining operations, thereby reducing the risk of overexploitation and environmental damage. This policy also aims to strengthen the government's legitimacy in the eyes of the public, although it has sparked debate regarding potential conflicts of interest and transparency in the permit-granting process.

The government's argument for granting Mining Business Permits (IUP) to religious organizations is fundamentally based on the principle of resource redistribution, which aims to address the long-standing wealth inequality in the mining sector. By granting access to religious organizations, the government argues that mining resources can be allocated more equitably, allowing economic benefits to be enjoyed not only by large corporations but also by local communities through organizations with a strong social base. This aligns with the national welfare equality agenda, where revenues from mining activities are expected to be used for social, educational, and health programs within religious communities, thereby reducing regional disparities and improving the overall human development index.



Furthermore, the government argues that this policy strengthens the role of religious organizations as effective agents of development, with the capacity to integrate ethical values and social solidarity into mining operations. This argument emphasizes that religious organizations possess extensive networks and moral legitimacy that can facilitate community participation in resource management, prevent overexploitation, and promote sustainable mining practices. Thus, the enhanced role of religious organizations not only supports economic objectives but also strengthens social cohesion, as profits from mining permits can be reinvested in religious and community activities, thereby contributing to social stability and sustainable development at the local level.

Muhammadiyah's Ideological Response and Considerations to the Mining Concession Offer

Muhammadiyah views the offer of mining concessions as an opportunity to implement the values of *amar ma'ruf nahi munkar*, which literally means enjoining good and forbidding evil, in the context of natural resource management. The organization believes that acceptance of concessions must be balanced with a commitment to run mining operations that are transparent, fair, and free from corrupt practices, so that economic benefits can be distributed equitably to the community without causing exploitation. Furthermore, Muhammadiyah's communal ethics emphasize solidarity within the Muslim community and within the wider community, where mining concessions are seen as a means to strengthen social solidarity through investment in education, health, and the welfare of the community, while preventing potential conflicts that could disrupt religious harmony.

From an environmental theology perspective, Muhammadiyah views the mining concession offer as a responsibility to maintain ecosystem balance based on Islamic teachings that view the earth as a trust from God. The organization advocates for sustainable mining practices, with an emphasis on mitigating environmental impacts such as deforestation and pollution, as well as post-exploitation land restoration, so as not to conflict with the principle of the caliphate (leadership) of humans as stewards of nature. Thus, Muhammadiyah sees mining concessions as an opportunity to integrate these theological values into economic activities, ensuring that resource development does not sacrifice future generations and remains in line with a progressive Islamic ethos.

In formulating the decision to accept the Muhammadiyah mining concession, this gave rise to fragmentation within Muhammadiyah. The internal debate within Muhammadiyah regarding the offer of the mining concession reflects the tension between economic pragmatism and da'wah idealism, where the pragmatist group argues that the acceptance of the concession can be a source of funding to expand the organization's social and educational programs, thereby increasing the capacity of da'wah practically. Meanwhile, the idealist group emphasizes that da'wah must remain pure, free from business involvement that has the potential to tarnish Islamic values with the risk of corruption or environmental exploitation, so that the mining concession is considered a threat to the moral integrity of Muhammadiyah as a movement *amar am'ruf nahi munkar*. The following is a visualization of fragmentation within Muhammadiyah;





Figure 3. Visualization of Muhammadiyah Cadre Fragmentation in IUP Receipts

Source: Data processed by researchers.

More deeply, pragmatic arguments highlight the financial need to support Islamic missionary infrastructure, such as the construction of schools and hospitals, which require mining resources as a catalyst for sustainable development without compromising ethics. On the other hand, Islamic missionary idealism suggests that involvement in mining could divert focus from Muhammadiyah's primary mission, namely Islamic renewal, and potentially create conflicts of interest that could damage the organization's credibility in the eyes of the community. This debate often leads to compromises, such as strict requirements for mining operations that align with the principle of *amar ma'ruf nahi munkar*, but still pose an ethical dilemma regarding the balance between economic progress and spiritual purity.

The Relationship Pattern between the State and Muhammadiyah in the Mining Concession Scheme

The relationship between the state and religious organizations in the context of granting Mining Business Permits (IUP) can be analyzed through the patron-client theory, where the state acts as a patron that provides economic resources and political access to mass organizations as clients. In this model, the state, as the dominant entity, offers IUP as a form of patronage to gain loyalty and social support from mass organizations, which often have extensive networks in society. Mass organizations, as clients, receive benefits from the permit, such as mining revenues that can be used for social activities, but are expected to provide rewards in the form of political legitimacy or mass mobilization to support the government's agenda, thus creating a reciprocal relationship that is hierarchical and dependent.

Further analysis suggests that this patron-client dynamic can strengthen state control over mass organizations, particularly in the Indonesian context, where religious organizations wield significant influence in shaping public opinion. However, this relationship is also vulnerable to tensions, such as when organizations demand greater

autonomy or when the state fails to meet client expectations, which can lead to conflict or withdrawal of support. Through this lens, granting IUPs is not simply an economic policy, but rather a political strategy to integrate mass organizations into the power structure, despite the potential to reduce the organizations' independence and reinforce unequal patronage, thus affecting overall socio-political dynamics.

Muhammadiyah's close relationship with the Indonesian government, forged through historical alliances and collaborations on various development programs, significantly facilitated the organization's process of obtaining Mining Business Permits (IUPs). This relationship provided Muhammadiyah with preferential access to participate in policy discussions, allowing for more in-depth consideration of IUP bids, including an evaluation of environmental risks and social benefits. However, this close relationship also created the potential for bias, where the deliberation process might be influenced by political loyalties rather than objective analysis, thus expediting IUP approvals without rigorous independent oversight.

Analytically, Muhammadiyah's close relationship with the government strengthens its strategic position in IUP negotiations, allowing the organization to request more favorable terms, such as funding allocation for da'wah and educational programs. On the other hand, this may reduce Muhammadiyah's internal criticism of government policies, as close patron-client relationships may encourage ethical compromises for economic gain. The implication is that the IUP deliberation process becomes more efficient but less transparent, potentially drawing criticism from opposition groups who view it as a form of nepotism, thus affecting Muhammadiyah's legitimacy as an independent social actor.

Muhammadiyah's close ties with the government in obtaining Mining Business Permits (IUP) can undermine the organization's independence, as close patron-client relationships encourage dependence on state support for resource access, thus limiting Muhammadiyah's ability to criticize government policies without risking loss of benefits. In parallel, the organization's moral legitimacy is threatened, particularly when involvement in mining is perceived as contradicting Muhammadiyah's reformist and communal ethical values, such as *amar ma'ruf nahi munkar*, which demands transparency and justice. This can create an internal dilemma, where economic compromises trump idealistic principles, thereby weakening Muhammadiyah's credibility as an independent social movement.

In the context of public perception, this closeness is often viewed as a form of nepotism or collusion, which worsens Muhammadiyah's image in the eyes of the wider community, especially opposition groups who see it as a betrayal of its pure mission of da'wah. This negative press perception can diminish mass base support, reduce participation in organizational activities, and strengthen social polarization between supporters and critics. Overall, these impacts indicate that while closeness facilitates economic access, it has the potential to undermine Muhammadiyah's moral and social foundations, necessitating strategic reflection to maintain a balance between pragmatism and integrity.

Internal Implications for Muhammadiyah

Muhammadiyah's strategic decision at the central level to accept the offer of a Mining Business Permit (IUP) could change the organizational structure by strengthening the vertical hierarchy, where the central leadership gains greater control over financial resources from the mine, thus allowing the redistribution of funds to the Muhammadiyah Regional Leadership (PWM), Muhammadiyah Regional Leadership (PDM) or



Muhammadiyah Branch Leadership (PCM) but potentially creating tensions with local units that feel marginalized. Simultaneously, Muhammadiyah's da'wah agenda, which is fundamentally focused on Islamic renewal through education and social issues, may shift toward a more pragmatic direction, where da'wah activities are integrated with the mine's economic projects, such as the development of social infrastructure. This analysis suggests that the central decision could strengthen internal consolidation through increased operational capacity, but also threaten the movement's idealistic direction if da'wah becomes less of a primary objective for the interests of the community.

Muhammadiyah's socio-economic orientation, which initially emphasized the welfare of the community through independent charitable endeavors, could shift toward a more capitalist model through the use of IUPs, thus increasing the focus on wealth accumulation for long-term investment, but risking alienating the mass base that expects a purely philanthropic approach. In the context of internal consolidation, this strategic decision fosters debate between pragmatic and idealistic factions, which could strengthen solidarity if a compromise is reached, or trigger fragmentation if not. Overall, the direction of Muhammadiyah's movement may shift from a socio-religious reformist to a political-economic actor more integrated with the state, necessitating strategic reflection to maintain a balance between economic progress and the organization's ideological values.

Muhammadiyah members, as the organization's mass base, showed a mixed response to the policy of granting Mining Business Permits (IUP), with the majority supporting it as an opportunity to improve community welfare through mining revenues that can be allocated to social programs, but there were groups who rejected it due to concerns about environmental exploitation and neglect of ethical values. Muhammadiyah cadres, consisting of activists and local leaders, were often involved in internal debates, where they emphasized the importance of transparency and community participation in the decision-making process, so their responses tended to be more critical and encouraged reforms so that this policy was in line with the principles of *amar ma'ruf nahi munkar*.

Muhammadiyah assemblies and institutions, such as the Tarjih Council and the Economic Council, responded to this policy with in-depth analysis. The Tarjih Council focused on theological and ethical aspects, often recommending stringent conditions to ensure mining operations did not conflict with Islamic teachings, while the Economic Council assessed potential economic benefits. This response reflected an internal consolidation effort, in which these institutions played a role in mediating between central and local interests, thus preventing organizational fragmentation. Overall, this response demonstrated a democratic dynamic within Muhammadiyah, where members, cadres, and assemblies contributed to policy evaluation to maintain a balance between pragmatism and idealism.

External Implications of Muhammadiyah's Relations with the Government and the Public

Following the acceptance of the Mining Business Permit (IUP) offer, the relationship between Muhammadiyah and the state has tended to become more harmonious through increased collaboration in development projects, where Muhammadiyah leverages access to resources to support shared agendas such as education and health, thus strengthening the strategic alliance that has been formed since the reform era. The state, as patron, gains additional legitimacy from Muhammadiyah's support in social mobilization, while Muhammadiyah, as client, gains economic benefits that facilitate the expansion of charitable endeavors, creating a stable and mutually beneficial cycle.



However, this relationship is also problematic because Muhammadiyah's dependence on the state increases the risk of subordination, where the organization may have to sacrifice criticism of government policies to maintain its IUP, thereby reducing its independence as a social movement. Criticism from within Muhammadiyah and the wider public about potential corruption or environmental exploitation can fuel tensions, threaten Muhammadiyah's moral legitimacy, and spark internal debates that disrupt organizational consolidation. Overall, despite apparent initial harmony, this patron-client dynamic has the potential to create a long-term dilemma, where economic benefits are offset by the risk of losing Muhammadiyah's ideological values.

Muhammadiyah's acceptance of mining concessions transformed its position as a civil society actor from an independent, critical partner to a more integrated part of the regime, as dependence on state support for IUPs reduced the organization's ability to criticize government policies without risking losing economic benefits. As a critical partner, Muhammadiyah was previously known as a moral watchdog against power, but its involvement in mining placed it in an ambiguous position, where it became part of the regime's structure through strategic alliances, thereby weakening its role as a counterweight to power and strengthening state control over social movements.

The socio-political consequences of accepting these concessions include increased polarization within society, with supporters viewing them as a pragmatic step for prosperity, while opponents view them as a betrayal of reformist values, potentially diminishing their mass base and reinforcing internal fragmentation. Reputationally, Muhammadiyah faces the risk of eroding its image as a pure da'wah movement, with accusations of nepotism and commercialism undermining its credibility in the public eye, thus affecting the organization's ability to mobilize support on social and political issues. Overall, these consequences demonstrate that accepting mining concessions is not merely an economic decision, but a transformation of Muhammadiyah's position that has the potential to alter the dynamics of civil society in Indonesia.

Ethical Reflection and Sustainability

The continued existence of religious organizations such as Muhammadiyah in the face of resource capitalism, particularly through the acceptance of mining concessions, raises critical questions about the organization's ability to maintain its reformist identity amid economic pressures. Resource capitalism, which emphasizes rapid exploitation for profit, has the potential to shift the focus of organizations from da'wah (Islamic preaching) and social welfare agendas to capital accumulation, thus threatening core values such as *amar ma'ruf nahi munkar* (enjoining good and forbidding evil) and communal solidarity. This review suggests that without robust internal oversight mechanisms, organizations may be caught in a dilemma between economic pragmatism and ethical idealism, which could diminish their effectiveness as agents of social change.

Analytically, the primary risk to the sustainability of mass organizations is the erosion of moral legitimacy, as involvement in mining may be seen as compromising with an exploitative capitalist system, thus exacerbating internal and external polarization. However, adaptation strategies such as the integration of environmental ethics and the redistribution of social benefits can strengthen the resilience of mass organizations, allowing them to utilize resource capitalism as a tool for sustainable development without being fully integrated into it. This critical review concludes that the sustainability of mass organization movements depends on the ability to balance economic interests with



religious commitments, a failure of which could transform mass organizations from civil society actors into commercial entities less relevant in Indonesia's socio-political context..

CONCLUSION

Based on a comprehensive analysis of the Indonesian government's policy regarding the granting of Mining Business Permits (IUP) to religious organizations, as well as Muhammadiyah's response as a case study, it can be concluded that this policy reflects efforts to redistribute economics and equalize welfare, but creates ethical and strategic dilemmas for the organization. Muhammadiyah, through its values of *amar ma'ruf nahi munkar*, community ethics, and environmental theology, demonstrates an internal debate between economic pragmatism and *da'wah* idealism, which influences the organization's independence and public perception. Comparisons with other mass organizations such as NU, PGI, and KWI highlight differences in moral and strategic positions, with Muhammadiyah being more open to compromise.

The state-organization relationship, through the lens of patron-client theory, strengthens state control, while Muhammadiyah's close relationship with the government facilitates the IUP process but diminishes its critical thinking. These impacts include the erosion of moral legitimacy, social polarization, and changes in organizational structure, shifting Muhammadiyah's position from a critical partner to a member of the regime. A critical review of the sustainability of the mass organization movement in the face of resource capitalism emphasizes the risk of eroding its reformist identity, despite the potential for integration with the green economy and ecological justice.

Overall, the IUP policy offers economic opportunities but challenges the integrity of religious organizations, requiring strategic reflection to maintain a balance between pragmatism and core values. The future direction of religious organizations depends on their ability to adapt, with Muhammadiyah able to lead sustainable innovation by strengthening its internal oversight mechanisms and ethical commitments. This conclusion demonstrates that the involvement of religious organizations in the natural resources sector is not merely an economic issue, but also a socio-political transformation that influences the dynamics of civil society in Indonesia.

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