



Collaborative Governance in Accelerating MSME Adaptation in Facing the Era of the Industrial Revolution 4.0 in DIY

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ABSTRACT

This study intends to examine the scope of collaboration in strengthening the position of small and medium businesses in facing the 4.0 industrial revolution in the DIY region. The research question is How the collaboration process takes place in assisting the adaptation process of MSME actors facing the DIY industrial revolution era?. For this purpose, intrinsic case study research was conducted using a qualitative approach. The data collection techniques used in this study are literature studies and interviews. Collaboration formed in this context is realized by organizing several activities from each stakeholder. Collaborative governance in this context is carried out by involving several stakeholders, including the Office of Cooperatives and MSMEs at the Provincial, Regency or City level, the District Trade Office, business associations at the Subdistrict, Regency / City. The Collaborative Governance Process in the development of MSMEs in DIY during the era of the industrial revolution 4.0 has not implemented, because there are still overlapping programs and target groups.

Keyword: *Collaborative Governance, MSME's Development, Industrial Revolution*

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1. Introduction

This study intends to examine the collaborator's role played in assisting the adaptation process of SMEs in facing the era of the industrial revolution 4.0. Until now, MSMEs are the main pillar of the economy of Yogyakarta. Data for 2017 shows that the contribution of MSMEs to the economy of Yogyakarta reached 98.4 percent. Meanwhile, SMEs can absorb 79 percent of total employment. This achievement was supported by business actors totaling 248,217 business units. The description above at least reinforces the strategic role of MSMEs in employment, income distribution and also the socioeconomic container of society (Putra, 2016)

In the era of the industrial revolution 4.0, MSMEs face severe challenges to adapt or at least survive. There are at least three main challenges faced by MSMEs in this industrial revolution era. First, the application of digital technology, where MSMEs are now required to be technology literate if they want to compete. Second, a collaboration between the government and the business world in assisting MSMEs to access a broader market. Third, capital. (Dewi, 2012)

The results of a survey of the Indonesian Internet Service Providers Association (APJII) held in 2016 showed that internet users in Indonesia were known to reach 13.27 people from the total population of Indonesia which reached 256.2 million people of the 57.9 million SMEs in Indonesia. Then only 9 percent use the internet seriously to sell their products, 37% use the basic internet, and 36% have not touched the internet at all. That means there is still much

homework to finish. MSMEs can utilize digital technology to be able to compete in the business and industrial world.

The description of internet usage in Yogyakarta, in general, is more or less the same as the national portrait. Data released by the Office of Cooperatives and SMEs shows that only 30% of the total SMEs in Yogyakarta in 2017 have used digital technology to market their products. This means that there is still homework heavy enough to help the remaining 70% of MSME entrepreneurs to be able to utilize digital technology in marketing their products. This is an important issue that must be resolved so that MSMEs in Yogyakarta can use technology to do business. Then how is the role of government in providing intelligence or facilities based on technological progress for SMEs facing fourth-generation industrial revolution? What are the opportunities among the government, private sector, and the society in assisting the process of adaptation and acceleration of the readiness of SMEs to respond to industrial revolution 4.0 ?.

Collaboration is cooperation, interaction, compromise of several elements related to both individuals, institutions, or parties involved directly and indirectly who receive the consequences and benefits. (Haryono, 2012). The concept of collaboration between government, the private sector, and the society in managing public affairs commonly known as collaborative governance.

Collaborative governance is a form of governance that involves various stakeholders or together with government officials in forum to make joint decisions. Ansell & Gash, (2007)

According to him, collaborative governance is a governance arrangement in which one or more public institutions directly involve non-government stakeholders in a collective decision making process that is formal, consensus-oriented, deliberative that aims to create and implement public policies and manage programs or assets public. (Afful-Koomson & Asubonteng, 2015)

Still according to Ansell & Gash, (2007), the collaborative governance model consists of four variables. There are initial conditions, institutional design, leadership, and collaborative processes. The stages in the collaborative process include face-to-face dialogue, building trust, commitment to the process, mutual understanding, and interim results. Stakeholders build all collaborative governance on a face-to-face dialogue. As a consensus process, direct dialogue is needed by stakeholders to identify opportunities for mutual benefit.

2. Method

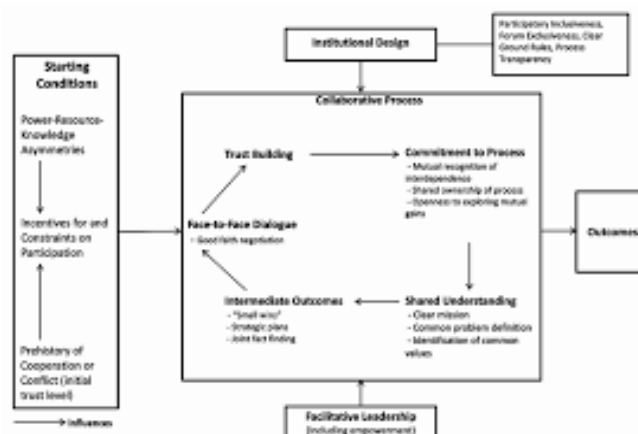
Study research was a qualitative approach (Sukina, 2001) (Yin, 2009) Furthermore, data collection techniques used desk study and interview (Stake, 1978). Interviews were stakeholders who collaborated to prepare the MSME community in facing the industrial revolution 4.0. Among the interview respondents were the DIY Province Cooperative and UMKM Office and the Regency / City Cooperative and UMKM Office. Marketplace, Corporation and several Digital Marketer communities such as Gapura Digital (Google), Women Will (Google), Let's Learn, Indonesian Trainers, Alms Science,

Mata Hati Jogja, Shopee, Tokopedia, Bukalapak, Belanja.com, HP (Hewlet Packard), Telkom and several other companies or organizations. Desk studies ran on secondary data obtained from the Office and corporations.

Data analysis methods are an integral part of research methods. Data analysis is the process of systematically searching for and compiling data obtained from interviews, field notes, and documentation (Creswell, 2016). Then organizing data into categories, breaking down into units, synthesizing, organizing into patterns, choosing what is important and which will be studied, and make conclusions so it would be more easily understood by themselves and others (Sugiyono, 2008). This research was conducted in DIY, between June - November 2019.

3. Results and Discussion

Collaborative governance in the context of developing MSMEs in the era of the industrial revolution 4.0 in DIY was analyzed using the concept of collaborative governance according to Ansell & Gash, (2007).



Graph 1. Collaborative Governance Model According Ansell dan Gash

According to Ansell and Gash the stages of the collaborative process are face-to-face dialogue, building trust, commitment to the process, mutual understanding and interim results. In more detail, each of these stages will be described below. In simple terms the concept can be illustrated with chart above.

Face to face dialogue

According to Ansell and Gash, Collaborative Governance is built through dialogue or face-to-face communication by stakeholders. The process of collaborative governance is oriented to consensus or agreement. Then face-to-face communication is a very important stage in the collaboration process. The face-to-face process is the main core of the process to build trust, mutual respect, mutual understanding, and commitment to the process.

In the context of the development of MSMEs facing industrial revolution 4.0 in DIY, the process of face-to-face dialogue is carried out with meetings and discussions with relevant stakeholders to discuss what can be done by stakeholders to develop MSMEs in the era of the industrial revolution. Among the results of the meeting and discussion was the birth of plans for activities in sharing classes, training, discussions, and seminars held jointly or independently by stakeholders related to the use of technology for the development of MSMEs. Stakeholders who are involved in collaborative work include; The Office of Cooperatives and SMEs at the Provincial, Regency or City level, the District Trade Office, business associations at the Sub-District, District / City level, SOEs for this case are represented by creative houses in each Regency and City and a

number of organizations such as Gapura Digital (Google), Women Will (Google), Let's Learn, Indonesian Trainers, Alms Science, Mata Hati Jogja, Shopee, Tokopedia, Bukalapak, Belanja.com, HP (Hewlet Packard), Telkom and several other companies or organizations. The topics for sharing classes, training, seminars and discussions planned to be held by these stakeholders include training on business development, online trade training, Smartphone Photography + Videography, Google friendly training, Digital Marketing Workshop on Social Media, Training daar Web, Tips on Developing a Pitchdeck for Beginner Entrepreneurs, Internet Marketing Workshops, etc.

Trust Building

Next, after face-to-face dialogue ran, then excellent communication between collaborators will be possible. The impact is the building of trust, an important point of collaborative governance mechanisms because the performance of collaborators becomes meaningless without mutual trust among collaborating stakeholders.

In the context of collaborative governance in the development of MSMEs in DIY in the era of the industrial revolution 4.0, trust-building was formed through an intensive process of interaction through discussion, coordination, training, socialization between MSME actors themselves, the Government (offices), private organizations (companies) and actors from the community (associations). Trust building strengthens after the activity plans formulated by the stakeholders can be realized and have a major impact on MSMEs in utilizing

technology for the development of marketing their products.

Commitment to the Process

View of the reference literature said if the level of commitment among stakeholders was a determinant of the results of Collaborative Governance. In a survey of American and Australian collaborative groups, Margerum in Ansell and Gash (2007: 559) found that member commitment was the most important factor in facilitating the collaborative process. Commitment also relates to motivation for actors to implement collaborative governance. However, according Ansell and Gash, stakeholders do not want their interests to be ignored or merely to secure their position. However, in otherwise, the real commitment beliefs that a collaborative process will create benefits for each party and the public interest.

The collaborative process ran by the government, private sector, and the community has the same goal that is to expand their market networks by utilizing telecommunications in the era of the industrial revolution and be able to increase their incomes. However, cooperation between stakeholders is still not optimal, the overlapping interests and sectoral egos become evidence. From the internal government, existing stakeholders are still focused on their respective interests, and there has not been a clear division related to the focus and work location. Likewise, with the private sector.

However, it was common to see the industrial revolution, and the commitments of the parties for each run well. Each of them consciously carrying out their duties and

responsibilities to prioritize the realization of MSMEs in DIY that are superior and able to compete in the 4.0 industry revolution era.

Shared Understanding

In Collaborative Governance, actors must equate their understanding of their goals. This concept by Ansell and Gash is called shared understanding. Furthermore, Shared understanding is also defined as agreement on relevant knowledge needed to overcome problems. Ideally, a shared understanding of each agency to achieve a common goal does not work properly. Shared understanding in the development of MSMEs in the era of the industrial revolution 4.0 in DIY is not yet optimal. It can be seen at least from the number of programs carried out by each stakeholder that overlaps and tends to be less synchronous. The stakeholders involved in carrying out the program and its activities had not to pay attention to the programs of other stakeholders. Even each stakeholder did not know about the program carried out by other stakeholders in the development of MSMEs in DIY in the era of the industrial revolution 4.0.

Intermediate outcomes

Several case studies show that collaboration is highly feasible when the objectives and benefits of collaboration are relatively concrete. Although intermediate outcomes can represent the real output of these things, in this process, intermediate outcomes are defined as the results of processes that are important for building momentum that can lead to successful collaborations. This success can provide feedback into the collaborative process,

encouraging an excellent cycle to build trust and commitment.

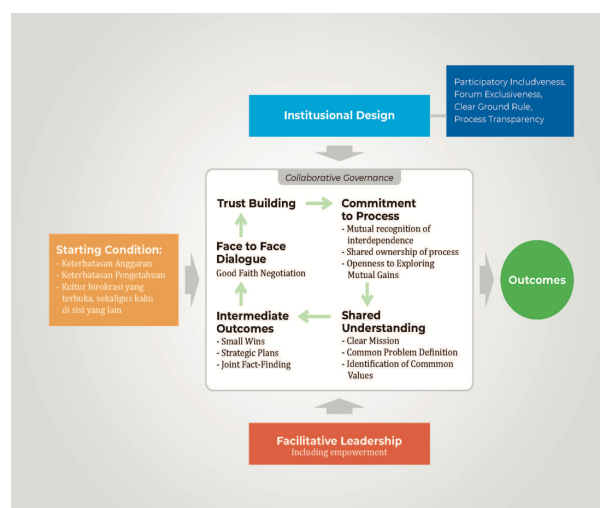
4. Conclusions and Suggestions

Conclusion

Collaborative governance to develop MSMEs in DIY in the era of the industrial revolution 4.0 is a strategy that was mutually agreed to improve the competitiveness of MSMEs in DIY. The collaboration formed in this context is realized by organizing some activities from each stakeholder like the Office of Cooperatives and MSMEs at the Provincial, Regency or City level, the District Trade Office, business associations at the Subdistrict, Regency / City, BUMN level. The other stakeholders represented by creative houses in every Regency and City and a number of organizations are Digital Gate (Google), Women Will (Google), Let's Learn, Indonesian Trainers, Alms Science, Mata Hati Jogja, Shopee, Tokopedia, Bukalapak, Belanja.com, HP (Hewlett Packard), Telkom and several other companies or organizations.

Collaborative governance to develop MSMEs in DIY in the era of the industrial revolution 4.0 has not been optimally implemented, because there are still overlapping programs and target groups. This is one of results from the adequate data's absence both stakeholder or government itself. So there are MSME communities that get a lot of programs and activities from certain stakeholders. However, there are also MSME communities that have not been touched by programs and activities related to technology use.

The next cause of collaborative governance that was not optimal is forum absence for coordination between stakeholders as a forum for coordination of each stakeholder who has the same concern. In terms of commitment, the commitment of the parties involved in each has been going well. It can be seen for each stakeholder has consciously carried out his duties and responsibilities, but, in the process of cooperation between stakeholders has not been going well.



Picture 2. Collaborative Governance model to develop MSMEs in DIY in the era of the industrial revolution 4.0

However, the limit resources from government in context to develop MSMEs, both in terms of human resources, and budget. It also happen in MSMEs for limits of knowledge to develop its business in the era of the industrial revolution 4.0 and the bureaucratic culture conditions that are rigid. All of the limit by government and MSMEs itself is an aspect of the starting condition that makes it possible to form collaborative governance in the development of

MSMEs in DIY in the era of the industrial revolution.

Suggestion

Based on the results of the study, researchers provide the following recommendations:

1. Establish a stakeholder database that carries out the role and function of empowering MSMEs
2. Data collection related to programs and activities carried out by stakeholders for the MSME group
3. Establishment of a forum for communication and coordination among stakeholders.

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