

Establish Relation in Collaborative Governance in Micro and Small Business Development in Palopo City, South Sulawesi Province, Indonesia

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Abstract

Micro and small businesses are businesses that built with a variety of vulnerabilities both in terms of capital capacity and managerial capacity of marketing and production. Micro and small business development will only be able to be carried out if there is a comprehensive synergy with multi-stakeholders that woven and accommodated and integrated through the advancement of information and communication technology. Analysis of the development of micro and small businesses uses a qualitative approach by utilizing the application of Nvivo 12 plus in conducting the contents analysis of the number of literature collaborated with secondary data related to the conditions of micro and small businesses in the City of Palopo. The results of the study refer to recommendations to strengthen the collaboration patterns of various stakeholders and broaden the scope of stakeholder involvement. Expansion of stakeholder involvement is maintained and accommodated through the integration of digitalized data so that more comprehensive, updated, and continuous information and communication can use as material for decision making in the development of micro and small businesses.

Keywords: Collaboration, governance, digital, data

1. Introduction

Building a significant availability of information for business development is something that can not be bargained again in the era of the development of communication and information technology that is proliferating. Likewise, the development of small and medium-sized businesses that require not only capital assistance but also assistance to grow and develop businesses through information sharing can strengthen the business base of small and medium-sized businesses. The conditions for developing small and medium-sized businesses have good reasons, considering that these businesses have sufficient prospects in driving economic growth in an area. Besides, another essential consideration is that small and medium enterprises can absorb the workforce with different human resource qualifications. This condition is, at the same time, able to reduce unemployment and increase public income, which has an impact on reducing poverty.

Disseminating information about the business sector will certainly greatly help small and medium business entrepreneurs to improve and look for a variety of ideas that are relevant to their line of business. This condition then becomes the main problem in terms of business development. The small and medium business actors were

often constrained in finding ideas and disseminating information related to the businesses occupied. Building business networks and partnering with various parties who are competent with efforts to develop small and medium business actors often become a stumbling block in developing businesses.

The Government of Indonesia through the Ministry of Communication and Information and the Ministry of Cooperatives & Small and Medium Enterprises in 2018 have responded to the development of Small and Medium Enterprises. One such effort is by launching a strategic plan for 2018-2019, one of which is creating 8 million Small and Medium Enterprises go online. This strategy is done to address the development of communication and information technology that linked to the potential of small and medium-sized businesses that can increase economic growth and reduce poverty. The strategy that has been carried out by the government must of course address and followed up by various existing elements, especially in this case the regional governments and business operators in the regions. However, nationally quoted in Kompas.com media (Setiawan) according to digital economy observer Yudi Candra, until the end of 2018, the number of micro-businesses in Indonesia reached 58.91 million and 59.260 small businesses. The number of medium-sized businesses reached 4,987. However, only 5 percent have gone digital. The rest are still very conventional in developing their businesses.

Palopo City as one of the 3 (three) regions in South Sulawesi Province which are administratively in the form of cities and is more oriented towards services and industry, of course, has great attention on the development of micro, small and medium businesses. In 2019 in Palopo City based on data from the Office of Cooperatives and Small and Medium Enterprises, the Palopo City Government contained 6,825 micro, small and medium enterprises. The entire micro, small and medium business can absorb 11,099 workers, with total working capital of Rp. 37,917,072,597. Based on this potential, it can develop in the pattern of development is carried out by building synergy between stakeholders and based on communication and information technology.

Government of Palopo City in addressing this strategic policy based on information and communication technology has begun to launch so that every small and medium business actor can utilize several technology-based platforms to be able to develop the business running. However, the use of this technology is not without obstacles, bearing in mind that there are still some things that need to get primary attention. Of course, the attention gives not only regarding the willingness of business actors to take advantage of technological advances but also the readiness of those who deemed to have the capacity to support these policies both from local governments and business actors who are on a large industrial scale both in terms of individually or organizationally.

Readiness from various parties is undoubtedly related to the preparation of various necessary instruments both in terms of regulation, infrastructure, and programs that can support the smooth development of small and medium businesses based on digital technology. Besides, one thing that plays a role is the participation of the community who are not only consumers but also play a role in providing feedback both on policies and programs that are launch and initiated by the government and the private sector. Starting this point is determined that comprehensive and detailed information needed concerning the development of the conditions of the actors and also the businesses that are carried out. Through this information, by itself, it will be able to be mapped the development of small and medium enterprises and what can support and inhibit this development.

1.1 Objectives

The purpose of this study is to assess the extent to which digital conceptualization can bridge collaborative governance in the development of small and medium enterprises in Palopo City, so as to provide competitive value for the existence and development of small and medium enterprises.

2. Methods

This article begins by identifying the problems that generally occur in Indonesia and then specifically to a smaller region, the City of Palopo, where the identification of problems identified through secondary data both through relevant ministries and through secondary data from local governments. The secondary data then coupled with literature review both through research journals and reference books which are overall analyzed qualitatively using Nvivo 12 Plus, especially in determining themes and content analysis from searching several references

3. Results and Discussion

Developing business units, especially at the micro, small and medium scale certainly requires extra more considerable attention compared to businesses that already have a larger scale. This condition is more due to the ability and capacity possessed mainly by micro and small business actors. In the regulations governing micro, small and medium enterprises (Undang-Undang RI, 2008), for micro and small businesses, it has a maximum of 50 million rupiahs for micro-businesses and 500 million rupiahs for small businesses. However, of course, not all micro and small businesses have that much wealth, even some of them have capital far below the nominal figure. As with micro and small businesses in the city of Palopo in 2019, there were 4,851 micro-businesses with average capital investment for each business actor ranging from less than 5 million rupiahs. As for small businesses with a total of 1,913 business actors with an average business capital of fewer than 3 million rupiahs. Besides, the development of micro and small business units has not shown a significant development where in the last four years the increase, even for small businesses has decreased compared to the previous year can be seen in Figure 1.

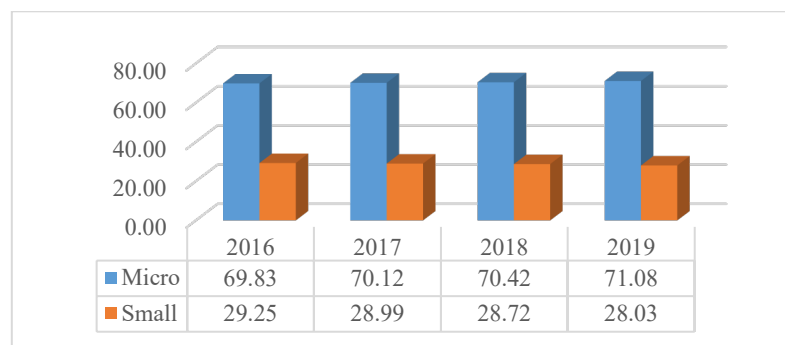


Figure 1. The growth micro & small businesses in the last four years in the City of Palopo

Based on figure 1 in factual conditions, of course, various treatments and breakthroughs are needed in improving and developing this micro and small business. One of the breakthroughs that need to consider is to build partnerships with various stakeholders in developing this small business. Basically, in terms of regulations, the central government has issued rules governing the partnership pattern that built between micro and small business actors with various patterns of collaboration both with distribution and agency patterns and through revenue sharing patterns (Peraturan Pemerintah RI, 2013).

In this concept, the partnership pattern developed is more directed towards efforts to maximize the role of each party involved, both from the local government, micro and small businesses and large business actors. The concept of the partnership itself refers to the concept of collaborative governance which can express as an effort to direct more parties who are public institutions and involve various stakeholders to take collective decisions aimed at managing a program (Ansell and Gash). Emerson & Nabatchi further said that the collaboration carried out to achieve some goals or targets that have determined (Kirk, Emerson and Nabatchi).

Starting from the rules contained both in government regulations and the concepts proposed by Emerson & Nabatchi and Ansell & Gash, and it can be assuming that in the partnership carried out not only in the implementation phase of a program but also in decision making so that the policies adopted can accommodate and meet several goals to achieve.

However, collaboration is carried out in the development of micro and small businesses, in general, will always be focused on efforts to increase capital, ease of marketing or profit-sharing in a partnership pattern. Under these conditions, the involvement of stakeholders will be limited to micro and small businesses as well as large businesses and the government. Conditions like these that then make micro and small businesses allegedly will not be able to develop as they should. Each party will not be able to ensure how long the collaboration will continue, bearing in mind that every business venture such as a large company will always have a business risk whether it is influenced by financial risk, profitability or company size, especially in companies that focus on the consumer goods sector

(Meriam, “Analisis Pengaruh Firm Size, Risiko Keuangan, & Profitabilitas Terhadap Risiko Bisnis Pada Perusahaan Sektor Makanan & Minuman Di Bursa Efek Indonesia”; Meriam, “Analisis Pengaruh Firm Size, Risiko Bisnis, Dan Risiko Keuangan Terhadap Tingkat Keuntungan”).

The involvement of stakeholders is limited to the dominant business actors in the development of micro and small businesses. This condition is indeed precarious considering the risks from the private sector itself related to business sustainability and also from the side of the government, which may have political risks and national and regional strategic agendas that can change at any time. Changes resulting from risks that may be difficult to predict will require a paradigm shift related to the concept of collaboration.

The concept of developing collaboration should no longer be in the order where the actors involved are the dominant actors who are at the epicentre of the problem. The involvement of other parties, which has been underestimated and even tends to ignore, needs to get more real attention for now. In this regard, three (3) essential things need namely the need for principled involvement, joint motivation, and capacity for joint action (Emerson et al.). Besides, it is also necessary to think more about ways or strategies to accommodate those who have been neglected in the concept of collaboration so that they will be able to have a positive impact on the development of more sustainable micro and small businesses.

So far, the involvement of stakeholders in the development of micro and small businesses is limited to small business actors, large business operators, and the government. Conditions need to be developed by involving several communities, which have great potential in developing micro and small businesses. These communities include those involved in the world of education, namely academics, then a community of researchers who are experts in their fields where their expertise aligned with business development. Furthermore, the NGO community, both cross-sectoral and cross-regional, then the media community, both local and national media and which is no less critical, is the community that almost as much positioned as a consumer.

The synergy that built undoubtedly based on each role carried by each stakeholder. Like the media community, it has a role to continue to promote and disseminate a wide range of products. In contrast, academics and the research community can contribute thoughts, ideas, and research results that can help, especially in production strategies, product marketing, product innovation, and in managerial process of the business.

In building collaboration, it is better to do a mapping that illustrates how the role of each party and the use of resources will provide. Furthermore, after the roles and uses need to be opened, opportunities for other parties to assess the extent to which they can be involved and make a positive contribution to business development. In line with this Lee and Park detailed explained that what needs to be built and prepared in this collaboration is to build a mapping related to the tasks and relationships between parties, then construct a resource map of the organization and construct the mapping openly to attract resources come from outside (Lee and Park).

Several processes can be carried out to support this collaboration through digitizing information, whether it can be started with an interface dialogue between stakeholders (Ansell & Gash, 2008), through an elicitation process by collecting various information related to various processes such as tasks, task support, time, number and others (Leyh et al.). The entire information is then managed digitally and carried out continuously to get information that is updated continuously.

The development of the following condition that needs to address is how to coordinate various accommodating parties who are stakeholders so that they can be connected and also have the same perception in assessing and understanding the development of micro and small businesses. To establish this common perception, relevant and comprehensive information is needed and is simultaneously accessible to the general public to assess the performance of micro and small businesses as a whole. Information like this, of course, will only be available if there is a comparison of data that is digitized and continuously updated. Besides, data integrated into data centres owned by local governments or other organizations that formed. This institution has the main task of managing data related to micro and small businesses.

In this regard, the thing that needs to be considered and taken into account is the internalization of technocratic activities associated with a determination based on real evidence of existence in the field. The actual implementation of planning concerning digitalized databases is an important initial issue to build the foundation of collaborative governance. The problem that arises in this situation is that the data required is not easy to get from every

stakeholder. It takes a strong desire coupled with commitment and capability to identify, process, analyze, and display data in an interpretive way so that all parties can accept information. The involvement of other stakeholders is, of course, very much needed through research related to small and medium enterprises, both related to policy analysis and evaluation. Furthermore, this cycle is followed up with policy practices based on data that has been collected and analyzed involving stakeholders and authorities based on existing research and development authorities in the local government.

Another approach that can also intensify stakeholder collaboration through data digitization is maximizing monitoring and evaluation based on electronics. This is necessary to assess the progress achieved from several programs that integrate various actors in the development of small and medium enterprises. The achievement of targets is carried out by emphasizing the comparison between the realization that has been achieved and the targets that have been set; budget capacity needed to run various data-based programs within the framework of collaboration. Besides, of course, synchronizing various variations of authority that is vertical and aligned with programs that constitute the political mandate of local governments is also required. This condition is also a dilemma considering that the hegemony of vertical authority mandates to dominant and limit local governments to carry out locally-based policies. In fact, these local policies originate from the context of regional needs, especially in the development of small and medium enterprises in the regions. Based on this, a collaborative network between various stakeholders is needed to build legitimacy from the local context. This context will become more rooted if information disclosure is built through digitalized information technology in an open and structured manner.

Data digitalization intended as a form of conversion of information, which is still in the form of analogue to digital data (Gbadegeshin). Furthermore, Parviainen and colleagues explained that the use of digitalization aimed at increasing the efficiency of business processes, as well as the quality and consistency produced and better data accuracy. Besides, integrating data both structured and unstructured will result in more precise readings of the description of organizational conditions and is supported by integrating data from other sources (Parviainen et al.).

Digitalization refers to activities to organize various domains or areas of social life around digital communication and media infrastructure. In this concept, digitalization will form a convergence of infrastructure that supports communication, devices that consolidate several devices into a media into one and functional convergence that refers to the objectives and functions to be provided from this digitization following service demands (Van Dijk 7)(Storsul and Fagerjord 1320). Functional convergence in micro and small enterprises and collaborative governance is positioned as a functional part. Simultaneously, the infrastructure and devices that become the consolidation terminal are aspects of digitization that connect every activity in people's lives (Van Dijk).

By digitalization integrated micro and small business data, it will be easier for stakeholders to focus more on monitoring the development of a micro and small business. So far, what has happened is that the information shown to almost all parties is only general data related to micro and small businesses. Although the data is displayed or obtained online, most of the data are in the form of data on the number of micro and small businesses that exist and are still active, labour absorption, and working capital. This condition is undoubtedly tricky for observers of the development of micro and small businesses because more detailed information about micro and small businesses cannot obtain through government agencies in charge of micro and small businesses.

The openness of information about conditions micro and small businesses will have a significant impact on stakeholders, both those who are committed to developing the business and those who are not committed to it. As an example, the community will undoubtedly evaluate both, directly and indirectly, the products produced. The community will show considerable enthusiasm if the product produced is of interest to the community. The response from the community will undoubtedly be feedback for businesses to improve further or maintain the products they produce. Conversely, if the community is less enthusiastic about the products produced, then for business people, it becomes a warning and a challenge to innovate more in producing products that can compete in the community. This situation has also been explained by Farrington & Alizadeh that more exceptional and more comprehensive information will be feedback describing the habits, experiences, and potential complaints from consumers(Farrington and Alizadeh). Likewise, with other parties such as the mass media community, this party plays an essential role in the dissemination of information on a more massive scale, especially in terms of area coverage and in terms of the number of targets. Besides, mass media can also form public opinion and awareness as well as social control (Harun), especially those related to micro and small business development policies as can be seen in Figure 2..

that has an affiliation function in sectoral policies and is affiliated with stakeholders' roles and functions outside formal authorities such as research and development.

The explanation described above becomes a consideration in explaining that the collaboration that has so far been carried out by involving limited stakeholders can impact the sub-optimal development of micro and small businesses. Besides, the foundation to build collaboration needs to be developed by utilizing the development of information and communication technology that is increasingly developing. The development of micro and small businesses through a multi-stakeholder collaborative process facilitated through advances in integrated data digitalization technology becomes important considering that micro and small businesses are vulnerable and have a great chance to become stagnant and even tend to decrease in productivity.

4. Conclusion

Building on the concept of collaboration by involving various stakeholders makes the process of developing micro and small businesses more comprehensive. The involvement of various parties, which so far has not taken into account their role in the development of an activity, must be considered. These parties have factually made a significant contribution to the development of micro and small businesses, both in providing ideas, ideas, and managerial strategies as practised by academics and researchers. Dissemination of information and awareness processes as well as social control a function of the mass media community as well as feedback from the community as a form of warning to businesses to modify the work processes and products produced. This involvement will certainly be able to run in harmony if there is a structured integration of digitized data. This integrated data can be managed by government agencies or by organizations formed to carry out digitally integrated data management that can be information and communication for each stakeholder involved. Thus any information and communication obtained openly can be taken into consideration for each stakeholder to make decisions and act following the roles and functions carried out.

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Biography

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