

Collaborative Governance of the Ceramic Industry in Purwakarta, Indonesia

Sam'un Jaja Raharja*
Department of Business Administration-Universitas Padjadjaran

Ria Arifianti
Department of Business Administration-Universitas Padjadjaran

Rivani
Department of Business Administration-Universitas Padjadjaran

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ABSTRACT

This study aims to identify and analyse various factors related to the collaborative governance of the ceramic industry in Purwakarta Regency from a collaborative perspective. The study is conducted using descriptive methods and data collection techniques through literature review, observation, interviews and questionnaires. Data are processed using the frequency distribution mode. Results of the field research data collection are processed by calculating the dimensions and indicators of collaboration factors. Results of the study show that some dimensions of collaborative governance are effective, whereas some are not. Research results also indicate the existence of critical key factors in collaborative governance in the form of information sharing dimensions. For collaborative governance to run more effectively, this study recommends enhancing the dimensions and indicators that are low and improving the critical key factors of information sharing.

Keywords: collaborative governance, Purwakarta ceramics industry, critical key factor, information sharing.

1. BACKGROUND

Indonesia has various industrial centres with superior product quality. One of the industries is the ceramic industry in Purwakarta, West Java, Indonesia. This industry has had a major impact on the community in the form of business fields (58.32 percent) and employment (2.78 percent). It also contributes 58.3 percent of the regional income (Asep, 2017; Arifianti, Raharja and Rivani, 2018).

The fact that the ceramic industry has managed to penetrate international markets, such as South Korea and Poland, is an indication of its potential in the international market. This situation is both an opportunity and a challenge—opportunities because the products have been accepted in the international market, and challenges because the industry is competing in both domestic and international markets.

The demands of international competition are in line with production systems, segmented markets, faster innovation processes, shorter product life cycles, rapid development of information technology and loss of trade barriers. Various trade agreements loosen trade boundaries between countries through trade institutions on a regional and international scale, such as the ASEAN Free Trade Area, Asia Pacific Economic Cooperation and the World Trade Organization (Yana, 2018).

On the one hand, the impact of trade agreements makes it easy for each industry

to market its products; on the other hand, it requires the support and cooperation of relevant agencies through collaboration. Collaboration is a form of interaction and social process that aims to achieve common goals by helping one another, understanding one another's activities and building agreement on an issue or problem, creating appropriate solutions and promoting shared values (Rani, Baihaqi & Bramanti, 2017). Collaboration is a driving force in developing an industry. The success of collaboration and partnerships is closely related to the efforts of suppliers and customers, leading to improvements in overall performance.

In the ceramic industry, the government is one of the parties that can bridge various regulations that can facilitate access to industrial needs from upstream to downstream. Specifically, collaboration that occurs between stakeholders, such as government (Provan & Kenis, 2008), private partnerships (Skelcher, 2005), collaborative planners (Innes & Booher, 2010) and cross- cross collaborations (Bryson et al., 2006), usually happens on various networks and is known as government collaboration. In government collaboration, collaborations can occur from across sectors or across borders to achieve a complex policy by utilising intergovernmental agreements, private partnerships and community-based alliances (Huxham and Vangen, 2005).

The role of a business, which can have an impact on people's lives or the public and is mutually integrated, is commonly known as government collaboration (Diez et al., 2008). Collaborative governance brings various stakeholders in the same forum for decision making (Ansell & Gash, 2007). Nevertheless, several collaboration strategies have not been successful because of a lack of insight regarding factors that influence their success (Rani, Baihaqi and Bramanti, 2017). Failures in government collaboration can occur because of several obstacles, such as the conflict of strength, uncertainty and the gap between the identification of resources and flows (Oh & Bush, 2014).

Government collaboration with the private sector, especially in this research, can be conducted through good coordination so that regulations made by the government can help business people. Ansell and Gash (2007) state that the main goal of government collaboration with private partnerships is usually the achievement of coordination rather than decision making.

Preliminary research on the government–ceramic industry collaboration shows has not been effective because the impact is not felt considerably. Why is collaboration not effective? How is collaborative governance related to the factors that cause ineffective collaboration in the ceramic industry?

2. LITERATURE REVIEW

The concept of collaborative governance is an effort and response of the government to public problems and the implementation of government management and programs, wherein the government needs to cooperate or create partnerships with the community and other private institutions in a broader sense because the latter are aware of the programs/activities and complex problems (Tika & Sudarmo, 2017). Government collaboration can also be defined as a process or structure of public policy decision making and management that relates to various types of people regardless of their work status (Emerson et al., 2012). In addition, Johnston et al. (2013) defines

that, in general, collaborative governance appears to be consciously adaptive or deliberately created for the following reasons:

1. complexity and interdependence between institutions,

2. conflicts between interest groups that are latent and difficult to suppress, and
3. efforts to find new ways to achieve political legitimacy.

Other opinions that state the importance of collaborative governance (Ansell and Gash in Sudarmo, 2009) include the following:

1. failure to implement policies at the field level;
2. inability of groups to use other institutional arenas to hamper decisions, mainly due to the separation of power regimes;
3. mobilisation of interest groups; and
4. high costs and politicisation of regulations.

Sudarmo (2011) states that collaboration is regarded as an organisational response to changes or shifts in policy environment. Shifts can be in the form of increasing number of policy actors and issues. When these shifts occur, the government seems to have limited options and is forced to follow to address the issue immediately; however, it still has to adjust and make itself relevant to the environment under turmoil or change. Ansell and Gash (2007) state that government collaboration is focused on public policies and issues. Public issues in this case differ between government collaboration and other forms of decision-making consensus, such as resolution or mediation. Other researchers also argue that the definition of government collaboration is intended to provide it with forms of policy making (Busenberg, 1999; Futrel, 2003; Williams & Matheny, 1995). The purpose of collaboration is self-governance by transforming relationships that initially benefit only one party but are more cooperative with the stakeholders.

Several factors are commonly used to indicate the success rate of collaboration. DeSeve (2007) and Sudarmo (2011) state that some important dimensions can be used to measure the success of a network or collaboration in governance:

1) Network structure

This dimension refers to the conceptual description of a link among elements that reflect the physical elements of the network being handled. Bentrup (2001) explains that a limit breaker is needed for communication so that the same goal can be achieved.

2) Commitment to a common purpose

This dimension refers to the reason a network must exist. Burger et al. (2001) believe that making a commitment in the collaborative process will be highly difficult to face when doubt in achieving the best goals exists. Ansell and Gash (2007) explain that commitment will depend on trust among stakeholders, through which the perspective or point of view of the other party is appreciated.

3) Trust among participants

This dimension refers to the existence of mutual trust among actors/participants in the network based on professional or social relations. It is also the belief that participants would express their information or efforts from other stakeholders in a network to achieve common goals. In government collaboration, the existence of distrust among stakeholders is a concern (Weech- Maldonado & Merril, 2000).

4) Governance

Governance includes the existence of mutual trust among the actors. Limits that determine who can be involved are established, clear rules of the game are mutually agreed on and the manner by which collaboration is implemented is freely determined.

5) Access to authority

This dimension refers to access to power, specifically the availability of clear standards (measures) of the provisions of procedures.

6) Distributive accountability

This is a condition in which each stakeholder shares responsibility in governance (structuring, management, management together with other stakeholders) and decision-making activities with all network members, thereby sharing the responsibility for achieving the desired results.

7) Information sharing

Information sharing comes in the form of easy access for members, privacy protection and restrictions on access for nonmembers as long as it can be accepted by all parties.

8) Access To

This dimension refers to the access to financial, technical, human and other resources needed to achieve network goals.

3. RESEARCH METHODS

This study used the survey method, which employs a questionnaire as a basic data collection tool. In this survey, a research questionnaire was used as a measurement tool for basic data. (Aaker, Kumar & Day, 2012). The explanatory survey method, which aims to collect data obtained by taking samples from a population, was used to determine the description and relationships among variables. In this study, information from a portion of the population was empirically and directly collected from the scene to understand the opinions of some of the populations being studied (Aaker, Kumar & Day 2012; Churchill & Iacobucci, 2010)

Data collection in the study included interviews with the SME Service, staff of the technical unit or *Unit Pelaksana Teknis (UPT)* and ceramic craftsmen in Purwakarta. Questionnaires were directed to 60 ceramic craftsmen as respondents. Analysis and interpretation of data used descriptive methods, through which the characteristics of respondents and research variables were described. Descriptive calculations, such as frequency distribution, median, mode and average, can be obtained (Zikmund, Babin, Carr & Griggin, 2010).

4. RESULTS AND DISCUSSION

4.1 Network Structure

This dimension is the connection among elements that reflect the physical elements of the network being handled. In this case, a connection between the role of the SME service and *UPT* in the ceramic industry exists. This dimension consists of six indicators. Results of calculations based on the respondents' opinions on the six indicators produced a total score of 1,330 with an average of 3.69.

The total score and average number shown in this dimension's calculation belong to the high category. This result indicates that the network structure in the implementation of collaboration has been effective; particularly, the role of the SME service is very high. Likewise, the role of SME service in the exhibition activities is the direct collaboration with *UPT*.

Nevertheless, a more detailed analysis revealed that some aspects were related to the distribution of funds to craftsmen through the bank. One of the concerns of the craftsmen was that a notification regarding the distribution and disbursement of the funds was lacking. This concern is also due to the lack of prior socialisation of the means to disburse funds in the bank. Distance to the bank, which is quite far, is also a reason for the

ineffectiveness of this aspect. Craftsmen prefer funds that are channeled directly to them or through mobile banks.

4.2 Commitment to a Common Purpose

This dimension refers to the reason a network must exist. In this case, a connection between the SME service and *UPT* exists. This dimension consists of seven indicators. Results of the calculation based on the opinions of respondents on the seven indicators reveal a total score of 1,612 with an average of 3.86.

The total score and the average number shown in the calculation of this dimension belong to the high category, which means that it has been effective. The lowest aspect of this dimension is promotion. Promotion is low because the tools that can support it are limited. The tourists who came to buy did not arrive at the location of the ceramics factory, and thus the visitors missed knowing the actual process of making ceramics. This situation resulted in a decrease in the motivation of tourists to learn more about the industry, thereby weakening its promotion.

4.3 Trust Among the Participants

This dimension implies the existence of mutual trust among the actors/participants who are in the network based on professional or social relations. It also indicates that participants believe in information or other stakeholders' efforts to be in a network to achieve common goals. This dimension consists of six indicators. The calculation results based on the respondents' opinions on the six indicators produced a total score of 1,387 with an average of 3.85.

The total score and average number shown in this dimension belong to the high category, implying high mutual trust among participants. One indicator that requires attention is the collaboration of the SME service with the bank in providing venture capital. Craftsmen need an injection of funds to develop their ceramic business. However, in practice, this activity sometimes does not go well due to the lack of socialisation on the technical disbursement of funds and the manner by which the funds are disbursed.

4.4 Governance Dimensions

Governance relates to mutual trust among actors, the limits of who is involved and not, clear and mutually agreed rules and freedom in determining how collaboration is implemented. This dimension is related to the government, and in this case, the SME service and the *UPT*, craftsmen and consumer users. It consists of seven indicators. The calculation results based on the opinions of respondents on the seven indicators produced a total score of 1,554 with an average of 3.70.

The total score and average number shown in this dimension belong to the high category, indicating that governance has performed well. The lowest indicator of this dimension is the involvement of scholars in the exhibition. In general, craftsmen only deposit their ceramic items but do not understand consumer demands and the shortcomings of their ceramic products. The craftsmen will know this if orders from large-scale consumers are made.

4.5 Access to Authority

This dimension refers to access to power, namely the availability of standards (measures) for the provision of clear procedures that are widely accepted. These standards relate to the procedure for the implementation of an activity, providing flexibility for craftsmen and the existence of trust in the SME Service on production and innovation activities. This dimension consists of six indicators. The calculation results based on respondents' opinions on the six indicators resulted in a total score of 1,536 with an average of 3.26.

The numbers in this dimension belong to the high category, indicating that

access to authority has been well. The weakest indicator of this dimension is the involvement of craftsmen in the exhibition. Information on exhibition activities is often late or the time is very close. As a result, craftsmen cannot properly prepare products for marketing because preparation takes approximately six months.

4.6 Distributive Accountability/Responsibility

Distributive accountability refers to the division of tasks in the form of arrangement and management with other stakeholders. With regard to the ceramic industry, this activity is related to the promotions of exhibition activities and the facilities provided. This dimension consists of six indicators. The calculation results based on respondents' opinions on the six indicators resulted in a total score of 1,536 with an average of 3.26.

The calculation results on this dimension belong to the high category. Nevertheless, exhibition activities still demonstrate weaknesses. The exhibition was entirely handed over to craftsmen, and no collaboration occurred between stakeholders. Exhibition activities require substantial cost, which is a burden for craftsmen who want the cost of the exhibition to be shouldered by the SME service

4.7 Information Sharing

Information sharing refers to the ease of access for members to obtain information from others, privacy protection for information not to be disseminated to unauthorised parties and restrictions on access for nonmembers. This dimension consists of six indicators. The calculation results based on respondents' opinions on the six indicators produced a total score of 1,051 with an average of 2.91.

The calculation results show that this dimension belongs to the low to sufficient category, indicating that information sharing is not going well. These data are supported by several indicators, such as lack of socialisation related to the capital of the source and the process. Capital is important for craftsmen to fulfill orders and targets for production.

4.8 Access to Resources

This dimension measures access to financial, technical, human and other resources needed. It consists of three indicators. The calculation results based on respondents' opinions on the three indicators produced a total score of 592 with an average of 3.29, indicating that this dimension is in the high category and is effective. However, the indicator of capital availability demonstrated a low number, which is in accordance with the fact that craftsmen generally have limited capital for ceramic production activities, which is a major obstacle in implementation.

4.9 Analysis of Readiness to Collaborate

Based on the calculation of the numbers of each dimension, the overall calculation of the dimensions of collaborative governance can be seen in the table below:

No	Dimension	Average
1	Network Structure	3.69
2	Commitment to a Common Purpose	3.86
3	Trust Among the Participants	3.85
4	Governance	3.70
5	Access to Authority	3.26
6	Distributive Accountability/Responsibility	3.26
7	Information Sharing	2.91

8	Access to Resources	3.29
Overall Average		3.48

The average score is **3.48**, which is quite high in the sense that the factors that influence the willingness to collaborate show a high readiness index. The commitment to common purpose dimension, which is the main factor in starting a collaboration, obtained the highest average. Commitment is a promise from every stakeholder to 'intend' to 'guard' and implement collaboration. However, the nature of these commitments is generally verbal, which does not have legal or material consequences. Commitments are normative in nature, indicating that networks are needed and must exist. Therefore, commitment is a must for stakeholders. This finding is in line with Raharja and Srikandiati (2017) that one of the factors failure in organizational change associated with the managing people issues through managing stakeholders

However, when commitment decreases in capacity and stamina in the long run, there is a tendency for collaboration to fall apart (Raharja, 2008). This statement is positively correlated with lower scores on dimensions that have energy, time and material consequences, as well as owned property. These dimensions include access to authority, distributive accountability and information sharing. These three dimensions require at least the effort of each party to spend time, energy and costs to gain access to authorities. Similarly, the distributive accountability and responsibility dimension requires the burden that all stakeholders must perform their roles and responsibilities in the collaboration. This dimension also requires the capacity of each stakeholder, which is generally uneven.

The dimension with the lowest average is information sharing. Information is useful in making decisions and is a tool for compiling and implementing competitive strategies. This dimension has a low average, probably because information on business processes must be kept confidential. This finding shows that the dimensions among participants have not been well established, even though the score is high at 3.85 and becomes the dominant factor, together with commitment to a common purpose.

5. CONCLUSION AND RECOMMENDATION

5.1 CONCLUSION

The results of this study reveal several interesting findings. *Firstly*, the readiness index shows a high score, indicating that stakeholders are ready to collaborate. *Second*, the high availability index is supported by a commitment to a high common purpose. This finding demonstrates awareness of the needs in the form of shared attitudes and actions to achieve common goals. However, every craftsman has independent freedom, but in the face of competition with similar products from abroad, mutual dependence is created with other fellow craftsmen.

Third, even though depending on each other is needed, the nature of the craftsmen's independence remains, which can be seen from the low information sharing. Low scores indicate that valuable information is still held and not shared with others, demonstrating that even though a common purpose exists, the teachers still maintain individual purposes and interests that can be different from other members.

The difference in scores between high commitment and low information sharing shows paradoxical conditions. In the long run, this paradox, in the form of unwillingness to share

information, will erode commitment to a common purpose. Commitment becomes meaningless without the willingness to share information. Therefore, information sharing is a key factor in collaborative governance in the ceramic industry in Purwakarta, Indonesia.

5.2 RECOMMENDATION

To improve collaborative governance effectively and enhance the readiness index, the following measures are suggested. Firstly, increase the number of each dimension by overcoming various indications of weakness. Secondly, focus on information sharing as a critical factor by increasing the willingness of each stakeholder (especially craftsmen) to share information.

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