Collaborative Governance in Strengthening And Developing Umkm In The City Of Surakarta

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ABSTRACT:

Strengthening and developing MSMEs is a priority for the Surakarta City Industrial SME Cooperative Service. The growth of MSMEs in the City of Surakarta has been positive in the last three years. In 2022, there will be 11,157 micro, small and medium enterprises (MSMEs) in the area. Data from the previous year, 2021, only saw 3,635 MSMEs. Collaboration is essential to create competitive MSMEs. This research aims to explain the strategy of the Industrial SME Cooperative Service in collaborating to advance MSMEs. Collaborative Governance Research Results, De Seve (2007:50) are as follows: Network Structure, the type of collaboration structure applied is Self Governance. Commitment to a common purpose has a different goal than in theory. Trust among the participants, that is, there is trust between stakeholders seen from the running of the collaborative program. Governance, Boundaries, and exclusivity have been fulfilled. Rules have yet to be fulfilled, while self-determination and network management have yet to be implemented firmly. Access to authority, there is a legal basis for implementing the MSME Strengthening and Development program. Distributive Accountability, there are procedures for implementing activities in the form of SOPs made by the Industrial SME Cooperative Service. Information Sharing is shared on MSME activities through the MSME Association WA Group, the Department's Instagram account, and the Industrial SME Cooperative Service website so that MSMEs can easily access it. Access to Resources, three resources have been met, namely human resources, budget and infrastructure.

Introduction

The growth of micro, small, and medium enterprises (MSMEs) plays a significant role in the Indonesian economy; MSMEs are the driving force of the national economy and make a significant contribution, especially in employment. Based on data from the Ministry of
Cooperatives and SMEs, the number of MSMEs currently reaches 64.2 million, contributing 61.07 percent to the Gross Domestic Product (GDP) or the equivalent of 8,573.89 trillion rupiah. MSMEs also have a significant role in absorbing labor, reaching around 97 percent of the total national workforce, namely about 1.17 million workers.

MSMEs create jobs and contribute to diversifying the local economy and reducing socio-economic disparities. Therefore, strengthening and developing MSMEs is a priority for local governments, especially Surakarta's SME and Industry Cooperatives Service. MSMEs in Surakarta City have shown positive development in recent years, with solid support from the government. Based on data updates carried out by the Surakarta City Cooperatives, SMEs, and Industry Department, in 2022, there will be as many as 157 micro and small business units, and medium-sized (MSMEs) operating in the region. Data from the previous year, namely 2021, shows only 3,635 MSMEs.

The active role of the Surakarta City Cooperatives, SMEs, and Industry Department in supporting the development of MSMEs in the region is reflected in the various activities and programs they organize as a form of assistance to MSMEs. For example, they organize entrepreneurship training programs to increase the skills and knowledge of MSMEs and entrepreneurs regarding quantity O1a in their efforts. Apart from that, technical guidance is also available to help MSMEs overcome daily trade problems.

Apart from training and guidance programs, one initiative that was very welcomed by the community was the Ngarsopuro Night Market. This event is routinely held every weekend on Friday and Saturday nights, providing a platform for MSMEs to promote and sell their product. Apart from the Ngarsopuro Night Market, various activities in the city of Surakarta involving MSMEs include Solo Car Free Day, Solo Great Sale, Indonesia Culinary Festival, Street Food Keraton Solo, and many more.

With rapid growth and continued support provided by the government, the prospects for MSMEs in the City of Surakarta are increasingly bright. Through joint efforts and cooperation between MSME actors and government agencies in facing various challenges and opportunities, Collaborative Governance (collaborative management) is becoming an increasingly relevant approach in public governance. This approach involves various parties, such as the government, private sector, academics, and civil society, to work together to formulate, implement, and monitor policies and programs that affect MSMEs. The purpose of Collaborative Governance is to increase the efficiency, transparency, and effectiveness of public policy.
The Surakarta City Cooperatives, SMEs, and Industry Department have collaborated with various parties, including the Department of Trade, KADIN (Chamber of Commerce and Industry), and HIPMI (Indonesian Young Entrepreneurs Association), to provide a significant boost to improving the quality of Micro, Small and Medium Enterprises (UMKM) in the city of Surakarta with one of its programs, namely UMKM JAWARA (Go Digital, Go Care, Go Finance). Head of the Surakarta City SME and Industry Cooperatives Service, Wahyu Kristina, said that the Solo City Government is concerned with developing and strengthening MSMEs, which drive the regional economy. It is in line with the 17 priority programs rolling out in 2023. There are several areas for improvement in strengthening and developing MSMEs. Many MSMEs must consistently maintain product quality due to limited resources, including funds and labor. In addition, a lack of adequate training can also affect the ability of MSMEs to maintain the quality standards of their products. Another problem is that marketing access still needs to be improved because MSMEs are still reluctant to use social media and e-commerce to market their products. Another problem is that many MSMEs do not have a Business Identification Number (NIB), where the NIB is essential as the identity of the MSME product. MSME players who do not have an NIB cannot participate in programs held by the department because there are special requirements, namely that they must have an NIB. For this reason, the Head of the Department encourages MSME players to have NIBs for licensing, building networks, and business relationships to strengthen product marketing and develop their businesses. Local business people in Surakarta City need practical assistance to prepare for the MSME program and move to class—one integrated follow-up between the primary industry and government.

Based on the explanation above, Collaborative Governance is critical in strengthening and developing MSMEs. Cross-sector collaboration can create significant positive changes in supporting the development of MSMEs. Starting from the existing problems, this topic is interesting for research titled Collaborative Governance in Strengthening and Development of MSMEs in the Surakarta City Cooperatives, UKM, and Industry Department.

**Method**

The research used in this research is descriptive research with a quantitative approach. This research explains how the Surakarta City Cooperatives, UKM, and Industry Department carry out Collaborative Governance to strengthen and develop MSMEs in the City of Surakarta. The preparation of this research involved two data sources, namely primary and secondary data sources. Primary data, or basic data, is obtained directly through interviews.
with sources or informants with detailed and competent knowledge related to implementing Collaborative Governance. Meanwhile, secondary data comes from official government documents, such as regulations and letters, related to the MSME program, MSME activities, employee structure of the UKM and Industry Cooperatives Service, and the number of MSMEs in the City of Surakarta.

Data was collected through interview, observation, and documentation techniques. Interviews are conducted with direct questions using a framework or list of questions as a guide. The selection of informants used purpose sampling, focusing on reliable informants who have detailed knowledge about the Strengthening and Development of MSMEs in the Surakarta City Cooperatives, SMEs, and Industry Department. Observations are spontaneous or structured, using equipment such as observation sheets, checklists, and event recording. In the form of written documents and images, documentation is also used as a data source to complete research.

The data analysis consists of four stages: data collection, data presentation, data condensation, and drawing conclusions. The analysis was structured by cross-checking and verifying the evidence found in the field. Conclusions related to the Strengthening and Development of MSMEs in the Surakarta City Cooperatives, SMEs, and Industry Department were taken after these analytical steps were carried out.

Results and Discussion

Collaborative governance is an effort and process carried out jointly by several parties outside government agencies who collaborate or cooperate with the government to create or implement public policies with higher effectiveness and efficiency. According to De Seve (2007: 50), Collaborative Governance has eight crucial aspects that can be used as an assessment of the success or effectiveness of collaboration in strengthening and developing MSMEs in the Surakarta City Cooperatives, SMEs, and Industry Department. The results of this research are based on indicators of Collaborative Governance as follows:

The first indicator, network structure, explains the collaboration between the government, private organizations, MSME actors, the community, and other parties involved. Having clarity regarding the form of collaboration is very important in the ongoing collaboration process because it can provide direction and guidance on how to carry out and distribute tasks according to the position or function of the task. The parties involved in the MSME strengthening and development program at the SME and Industry Cooperative Service are the Department of Trade, the Surakarta Chamber of Commerce and Industry
(KADIN), the Surakarta Indonesian Young Entrepreneurs Association (HIPMI), the MSME Association. Many other parties, such as banks, state-owned companies, and e-commerce companies with an MSME empowerment program, are involved. Based on research on conditions in the field, the type of network in the MSME strengthening and development program at the UKM and Industrial Cooperatives Service is classified as self-governance. It is considered self-governance because there is no structure in the form of an official administrative entity or a cooperation decree. However, all parties work together or collaborate to implement specific programs. It also does not have a written MOU or Agreement, so it cannot be categorized as a type of collaboration structure Network Administrative Organization (NAO). The form of synergy can be seen in the task division. The Industrial SME Cooperative Service functions as a facilitator and mobilizer for every program or activity carried out regarding the strengthening, empowerment, and protection of MSMEs; the Industrial SME Cooperative Service also controls, evaluates, and monitors the course of training activities and empowerment of MSMEs. The Department of Trade is tasked with activating and distributing MSMEs that are ready to export to international markets so that they can strengthen and improve the quality of MSMEs. KADIN, a private organization that brings together large entrepreneurs and MSMEs, has programs that can help the UKM Cooperatives Service promote, provide market access, and assist training for MSMEs with the flagship program "Solo Great Sale" in collaboration with the department. Another private organization operating in the MSME sector, HIPMI, also collaborates with the UKM Cooperative Service by helping provide training, one of which is about packaging, marketing, and other activities that are beneficial for MSMEs.

Furthermore, there are also MSME actors, in this case, the MSME Association, whose chairman plays the role of coordinating, gathering, and developing the association's chairman as a channel for information from the department to be disseminated to MSMEs so that MSMEs can actively participate in MSME training, socialization, and exhibition activities. All parties are active during program implementation and coordination meetings as a form of stakeholder collaboration. Technical guidance and training are also held, although periodically and not too often, as an effort to strengthen business skills, which the Industrial SME Cooperative Service usually holds in collaboration with various parties such as the Trade Service, KADIN, HIPMI, and other related parties.

The second indicator, Commitment To A Common Purpose, is a common goal and understanding in collaboration. Commitment To A Common Purpose includes a Vision, Mission, and goals with stakeholders. Based on the research results, the UKM Cooperative
Service needs to have written shared goals with the stakeholders as intended in theory. Even though it does not have a shared vision, mission, or goals with stakeholders, the Industrial SME Cooperative Service is a Regional Apparatus Organization (OPD) of the City of Surakarta which carries out the Vision and Mission of the Mayor of Surakarta for 2021-2024. The Industrial SME Cooperative Service mainly focuses on Mission number two, namely, strengthening adaptive and sustainable economic growth through the growth and development of MSMEs. Then relatedly, even though they do not have a written common goal, the Industrial SME Cooperative Service has the primary duties and functions listed in Perwali No. 40 of 2021 concerning Position, Organizational Structure, Duties and Functions, and Work Procedures of Regional Services. Based on the research results conducted through interviews, the leading programs the Industrial SME Cooperative Service carried out to strengthen and develop MSMEs are the Strengthening Program, Empowerment Program, and MSME Protection Program. Through these three main programs, the Industrial SME Cooperative Service realizes this by collaborating with various stakeholders such as the Trade Service, HIPMI, KADIN, and the MSME Association to implement programs with the common goal of strengthening and developing MSMEs in the City of Surakarta. Based on the research, it was concluded that the programs implemented were special initiatives or innovations originating from the Industrial SME Cooperative Service. This program has also been regulated by Standard Operating Procedures (SOP). On indicators of Commitment to a Common Purpose, strengthening and developing MSMEs has met the criteria of common goals. Even though these goals were not created jointly by all parties involved, there is alignment of goals in implementing the collaborative program with several stakeholders, and the UKM Cooperative Service refers to the Surakarta Mayor's Vision and Mission and Mayor's Regulations. Apart from that, according to the results of the researcher's analysis, it can also be seen that the second indicator has been fulfilled, namely strengthening common goals and understanding through the implementation of the programs described previously, which can increase the capacity of officers and strengthen staff.

The third indicator, Trust Among The Participants, refers to the level of professionalism and accuracy in carrying out tasks by government entities, such as the Industrial SME Cooperative Service, private organizations that focus on MSMEs, MSME actors, and other parties involved in MSME strengthening and development initiatives. The level of trust between participants can be assessed by implementing work programs or activities and adhering to time, budget, and MSME targets in implementing MSME strengthening and development programs. The level of trust in building collaboration is
reflected in how the program is run together. The program for strengthening, empowering, and protecting MSMEs at the Industrial SME Cooperative Service has been running based on research conducted in the field. It is right on target, so more and more MSMEs are advancing to class, and the number of MSMEs in Surakarta City has reached 11,157, which helps absorb labor and increase the economy. Many facilities are available for MSMEs to market and introduce their products, such as the Ngarsopuro Night Market, Jajan Festival Solo, Solo Great Sale, and many other events. Of course, these programs result from collaboration between the government, in this case, the department, and various stakeholders. However, there are obstacles in implementing the MSME strengthening and development program, including a limited budget from the Surakarta City Government APBD, the number of MSMEs reaching 11,157, and not all of them can take part in training, socialization, and coaching programs from the Industrial SME Cooperative Service. It is due to the limited activity quota, considering the limited budget. According to researchers, the increase in the number of MSMEs in 2021, which was only 3,635 and increased in 2022-2023 to 11,157, is a reinforcement in measuring the performance of the Industrial SME Cooperative Service, which is already running well, with collaboration with various parties to encourage the people of Surakarta City to become entrepreneurs and develop profitable businesses. Regarding targeting accuracy indicators, it is on target but has yet to target all MSMEs comprehensively due to budget limitations.

The fourth indicator, Governance Certainty, includes transparency, accountability, and participation of the government and parties involved in strengthening and developing MSMEs. Based on the results obtained in the field, the Industrial SME Cooperative Service is open to providing information regarding what activities are carried out to provide entrepreneurship training, activities to support the quality of MSMEs, and various significant events in Surakarta City that MSMEs can participate in. The public, MSME players, and stakeholders can easily access this information via the WA Group of the UMKM Association, the website of the Industrial SME Cooperative Service, and the Department's Instagram account with the account name @dinkopukmperinsurakarta. In terms of accountability, all parties are responsible for reporting or creating an Accountability Report (LPJ) on activities that have been carried out. The Industrial SME Cooperative Service and the Trade Service are responsible for reporting the use of the APBD to the Surakarta City Government. The private organizations KADIN and HIPMI are responsible for reporting the results of activities in collaboration with the Industrial SME Cooperative Service or the Surakarta City Government. At the same time, MSME actors who receive or are involved in the MSME
strengthening and development program are responsible for making business progress reports from the training activities they participate in through a monitoring process. and evaluations carried out by the department. In terms of participation, MSME players and the community also participate in various MSME activities such as exhibitions, night markets, MSME bazaars, culinary festivals, and so on. However, not everyone can participate in training activities held by the UKM Cooperative Service, considering that the available quota is limited and there is a selection stage for MSMEs who want to participate. The MSME Strengthening and Development Program at the Industrial SME Cooperative Service includes Boundary and exclusivity, which can be proven by the existence of officers who are limited organizers of activities of service employees and involvement stakeholder others.

Meanwhile, there are no regulations explicitly regulating membership or rules, but there are provisions that regulate actions in general. Meanwhile, implementation of self-determination and network management still need to be strictly implemented because their implementation refers to the rules or standard operating procedures (SOP) that have been established. Therefore, there is certainty in governance, according to De Seve's theory, does not entirely fulfill the four aspects.

The fifth indicator, access to authority, is the authority and process design of MSME strengthening and development activities. Namely, the availability of standards or measures of procedures that are clear and widely accepted. Access to authority is the legal basis for the Industrial SME Cooperative Service in carrying out programs to strengthen and develop MSMEs by their main tasks and functions. The Industrial SME Cooperative Service and the Trade Service in the City of Surakarta play a role in developing MSMEs and providing services related to MSMEs by the Main Duties and Functions of each Service, which refers to Law no. 25 of 2009 concerning Public Services; PERMENPANRB No. 15 of 2014 concerning Service Standard Guidelines; Perwal Surakarta No. 11.1 of 2021 concerning Guidelines for Preparing Service Standards within the Surakarta City Government; Regional Regulation No. 12 of 2012 concerning Public Services; and Perwal Surakarta No. 40 of 2021 concerning Position, Organizational Structure, Duties and Functions, and Work Procedures of Regional Services. However, program implementation involving collaboration with KADIN and HIPMI needs clear standards. Even though this collaboration is often carried out at various events, no official standards regulate this collaboration. Based on the interview results, it can be concluded that there is no firm standardization regarding collaboration with KADIN and HIPMI because there are no official standards regulating this matter.

The sixth indicator, Distributive Accountability, is the managerial arrangement and
management carried out by parties involved in the initiative to strengthen and develop MSMEs at the Industrial SME Cooperative Service.

Distributive accountability covers all stages of MSME strengthening and development program procedures, from planning implementation to program evaluation. According to the interview results, there are procedures in the Standard Operating Procedures (SOP) regulating MSME activities. The Industrial SME Cooperative Service and the Surakarta City Government made these SOPs. These SOPs are also strengthened by secondary data in the form of documentation of 8 SOPs that regulate activities for MSMEs. Some planning, monitoring, and evaluation processes in strengthening, empowering, and protecting MSMEs are carried out with stakeholders such as KADIN and HIPMI, but some still need to be done. Several programs collaborating with KADIN and HIPMI are planned, implemented, and evaluated. However, if the department organizes these activities, stakeholders are not involved in the planning and evaluation process. Researchers can conclude that there are 8 Standard Operating Procedures (SOP) created by the Department and the Surakarta City Government for activities to strengthen and develop MSMEs. However, not all SOPs can be implemented by stakeholders because there are SOPs that are specifically implemented by the Industrial SME Cooperative Service only. Judging from the interview answers between the interviewees, there is a similarity in the answers. There is a coordination meeting at the beginning of every year called Forum Group Discussion (FGD), to accommodate the aspirations of stakeholders and MSME actors for implementing the program that year. Coordination meetings are also held during joint events such as the MSME exhibition, Solo Great Sale, Culinary Festival, and MSME training. Meanwhile, the planning, evaluation, and monitoring processes are carried out consistently and on a schedule, usually every quarter.

The seventh indicator, Information Sharing, is the ease of accessing information and information management in implementing programs to strengthen, empower, and protect MSMEs in the Industrial SME Cooperative Service. Aspect Information Sharing This can be seen from the ease of access to information and communication provided to stakeholders, MSMEs, and the general public of Surakarta City. Based on the results of the interview, information sharing regarding MSME training activities, socialization, and significant events involving MSMEs was carried out through the WA Group, Chair of the MSME Association, Website Industrial SME Cooperative Service, use the Instagram account of the Industrial SME Cooperative Service with the Instagram account name @dinkopukmperinsurakarta. Communication with the department can be done in various ways: by writing letters about the needs or interests to be submitted, by online communication via the WA group of the UMKM
Association, and by communicating directly with the Industrial SME Cooperative Service. Researchers found secondary data in the form of documentation of information delivery about training activities, MSME events, and socialization on the Instagram account of the Industrial SME Cooperative Service, named @dinkopukmperinsurakarta.

The eighth indicator, Access To Resources, includes the availability of human resources, financial resources (finance), and infrastructure resources owned to achieve specific goals. Access To resources involving structural officers and field officers, additional officers from stakeholders (private entities) in implementing the MSME strengthening and development program, budget allocation for the MSME strengthening and development program, as well as providing facilities for MSMEs that participate in MSME strengthening and development activities at the Cooperative Service Surakarta City Industrial SMEs. Based on the results of interview research in the field, the human resources in implementing the MSME strengthening and development program are employees or staff from the Industrial SME Cooperative Service who are assigned to activities then if they carry out activities in collaboration with stakeholders such as KADIN, HIPMI, private companies, and MSME associations, there are additional human resources from stakeholder which are involved. The leading financial resource in implementing programs or activities to strengthen, empower, and protect MSMEs is the Surakarta City Government APBD, which has been budgeted for the department; apart from that, other budget sources come from private companies. E-commerce who want to work together to advance MSMEs such as Shopee, Tokopedia, Gojek, and companies that contribute as sponsors in certain activities such as banking, BUMN, and other private companies. Infrastructure resources are in the form of facilities obtained by MSMEs involved in activities organized by the Industrial SME Cooperative Service. In contrast, the things obtained are knowledge that helps develop or create a business, relationships or business networks, and broader market access. The opportunity to promote products at various major MSME events, supporting facilities for participating in activities in the form of money for transportation, accommodation for consumption, and guidance to maintain product quality.

Conclusion

The conclusion from the analysis of Collaborative Governance research in strengthening and developing MSMEs in the City of Surakarta shows significant success: The Network Structure shows self-governance collaboration with the UKM Cooperative Service
as the primary facilitator and driving force, assisted by the Trade Service, KADIN, HIPMI, and the MSME Association in various strengthening and empowerment activities.

Even though the UKM Cooperative Service does not have formal shared goals with other stakeholders, they still carry out their duties according to the vision and mission of the Mayor of Surakarta. Trust Among the Participants is established through successful collaborative programs, even though budget constraints limit MSME participation. Governance has been run with transparency, accountability, and participation, although some aspects have yet to be fully optimal. A solid legal basis supports access to authority, although the standardization of collaboration programs still uses internal SOPs. Distributive Accountability through SOPs already exists, but planning, monitoring, and evaluation still need consistency.

Information sharing is carried out through various digital platforms, which makes it easier for MSMEs and the public to access information. Access to Resources includes human resources from various agencies and stakeholders and financial resources from the APBD and the private sector, which support adequate MSME development facilities. Overall, Collaborative Governance in strengthening and developing MSMEs in the City of Surakarta has been going well.

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