

# Collaborative Governance for the Development of Creative Economy at the Local Level

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The local government realises that a multi-stakeholder partnership in managing the creative economy sector is required to respond to increasingly complex environmental challenges. However, interaction among participants requires adequate cooperative capacity. This article provides several research findings that examine collaboration among participants, in the form of a local committee of creative economy. In this research, a qualitative approach and case study of the local committee of creative economy, was employed to indicate that collaboration involving various participants in the creative economy sector is needed to improve a cooperative synergy. The study finds that the practices of collaborative governance face some barriers, such as lack of resources, inadequate continual change, and utilisation of power by certain groups. These circumstances have impeded the development of a creative economy at the local level. This study contributes to an understanding of the implementation of collaborative governance in managing the creative economy sector.

**Key words:** *Collaborative governance, Creative economy committee, Creative economy development, Local government.*

## Introduction

The creative economy sector has developed as the driver of economic development since 1997. Its increasing contribution to GDP has made the creative economy sector a source of strategic advantage for the future (Taylor, 2009). The data shows that developed and developing countries gain relatively large revenue from creative products export. In 2012, for example, the United Nation noted that developing countries gain 57% of their income from

the export of creative products, while developed countries gained 42% (United Nations, 2015).

The development of creative industries in Indonesia also shows very good prospects. In 2018, the creative economy's contribution to GDP was up to Rp. 1,105 trillion. BEKRAF projects an improvement of the creative economy's contribution to GDP in 2019 will be up to Rp. 1,200 trillion (Tempo, 2019).

However, development of the creative economy does not only rely on the Government. Partnership between the Government and various stakeholders is needed since the creative economy is not common business. The creative economy develops because of wide access to knowledge, information, market network, and creative contents. Therefore, development of the creative economy requires collaboration between various stakeholders for public policy which supports creative ecosystem formation.

Some studies have been carried out to understand collaborative governance as a solution to public problems that cannot be handled alone by the government (Ansell & Gash, 2008; Muhammad, Warsito, Pribadi, & Nurmandi, 2017; Mutiarawati & Sudarmo, 2017; Furqoni, Rosyadi, & Isna, 2019). The change in public management paradigms from government to governance, is one of driving participants for the formation of collaborative governance. The hierarchical model of government has shifted to a collaborative model, involving a variety of stakeholders, businesses and non-profit organisations (Huxham, Vangen, Huxham, & Eden, 2000; Osborne, 2006; Pedersen & Hartley, 2008).

Besides offering opportunities to overcome common problems, the practice of collaboration also presents challenges. Kurniasih, Setyoko and Imron (2017) offer a strategy to strengthen institutional development programs through a collaborative governance model. They note that the failure of development programs, was due to an administrative model that failed to build synergy and partnerships among stakeholders. However, in other cases, the collaborative governance model failed to be implemented. Muhammad et al. (2017) found several participants that inhibit collaboration such as weak commitment, lack of coordination, low trust between stakeholders and limited access to information.

The application of a collaborative model within public management encounters many issues, because of the large number of institutions and participants involved in the collaboration (Plotnikof, 2015). Various interests and ideas must be brought together in a consensus, which often takes a lot of time and energy. Consensus can be the weakness of collaborative governance. The dynamics of collaboration between participants does not only require the availability of sufficient resources, but also requires the collaborative capacity of the

participants. Unfortunately, there is a lack of studies that highlight the issue of collaborative capacity.

Collaboration between stakeholders in the development of creative economy is more complex (Musappi, 2013). The cooperative ability of each actor determines the extent of success of the collaboration. There are two important dimensions to explain the capacity of collaboration, namely structural complexity and diversity (Huxham et al., 2000). These two dimensions are employed by the authors to analyse collaboration between stakeholders in the case of the Creative Economy Committee (CEC) in Banyumas Regency. The formation of the CEC cannot be separated from local government's response to the future prospect of a creative economy. Nevertheless, the CEC members are derived from various professions facing unique challenges in order to maintain CEC's sustainability. Therefore, this study attempts to examine the collaborative capacity of a local creative economy committee, in developing creative economy.

## **Literature Review**

### ***Creative Economy***

Many definitions have been formulated to explain creative economy. Howkins (2001:8) firstly describes creative economy as “a transactional activity of creative products that are economically valuable goods and services”. The United Nations Conference on Trade and Development (UNCTAD) (2008) defines the creative economy as an economy relying on creative assets and products to boost economic growth and economic development. Based on these two definitions, one can conclude that creativity and its products have become a new economic driver, placing human capacity as a valuable asset.

With the rapid economic development, the creative industry in Indonesia includes architecture, interior design, film, video and photography, culinary arts, crafts, fashion, music, publishing and printing, interactive games, advertising, research and development, arts and performance, advertising, information technology, in addition to television and radio. These sixteen sub-sectors of creative economy have contributed substantially to local and global economy as well.

### ***Collaborative Governance***

Along with increasingly complex public problems, the collaborative model becomes the model of choice to find public solutions, by involving a range of stakeholders outside government bureaucracy. Various studies have recommended collaborative approaches in collective decision-making forums, as participants and institutions develop from the private

and non-profit sectors (Ansell & Gash, 2007; Kurniasih et al., 2017; Conti et al., 2019). By involving stakeholders outside the government, there is a flow of resources from external parties to support government programs. Public support has also become stronger in government policy in overcoming complex issues.

Open access to outsiders in the decision-making process, in fact, creates new problems. Management of the public sector contains different situations and rules than the management of the private sector or non-profit sector. Initially, it is possible that the parties feel the importance of collaboration together with the government, but during development, friction and tension due to the differences in interests and power, can disrupt the collaboration process.

In their study, Conti et al. (2017) found several participants that inhibit collaboration such as dominance of self-interest, lack of consensus, demotivation in the participation process, lack of resources, and excessive and rigid bureaucratic rules. Other studies add a key factor that determines success of collaboration processes, is the expertise to participate in collaboration (Amsler & O'Leary, 2017) or the capacity of collaboration (Huxham et al., 2000). Thus, the collaboration process requires the capacity of the participants to work together, with other participants, even though they have different interests and powers.

In the context of the creative economy, participants with diverse professional backgrounds create their own challenges. A study conducted by Andres and Chapain (2013) found that participants from the arts and culture had little solidarity. Some participants who have extensive involvement in collaborating with creative economic programs, can cause jealousy and hatred of participants with limited cooperative skills. In this context, the process of collaboration requires collaborative capacity among participants to control ego and self-interest.

## **Method**

This research employed a case study approach to get an understanding of the collaborative governance context, so that a thorough description of existing cases is obtained. The participant-observation method was also applied in this research. The researcher's position as part of the organisation studied provides access to informants' data. This paper is also a result of research which has been conducted for the last two years (2018-2019), on the development of creative economy in Banyumas Regency, Central Java. This research focuses on the initiative of collaboration between local government, communities, businesses, politicians and academics to form creative economy committee. The aspects of this research focus refer to the study of Huxham et al. (2000), on collaborative ability determined by structural complexity and diversity.

In-depth interviews with purposively selected leading committee members were undertaken to explore challenges in building collaboration among them. The interviews focus on practices of collaboration and their outcomes. These interviews were also integrated with observation to completely present the results.

An interactive model proposed by Miles, Huberman, and Saldaña (2013) was used to analyse the data, consisting of data collection, data consolidation, data display, and conclusion. This research applied a technique of triangulation, in which data collected from different data sources is compared to obtain verification that is mutually confirming and ascertain validity of the data.

## Results

The Creative Economy Committee is formed by decision of the Banyumas Regent No. 050/462/2016, and aims to respond to the dynamic development of creative economic players and support policies on creative economic activities for people's prosperity. To strengthen Regent's concern about creative economy, the new Local Mid-Term Development Plan (2018-2023) also accommodates creative economy. Creative economic issues are taken as the regency government's 7<sup>th</sup> mission, as stated "To realise economic self-sufficiency in driving people's industry, tourism and creative industry based on local resources" (The Local Regulation of Banyumas Regency No. 1, 2019: 26). Therefore, the Banyumas government has concentrated full and definitive attention to the development of a creative economy.

It is interesting to note that the membership composition of the creative economy committee is derived from various professions (see Table 1). A penta-helix concept is adopted and developed in formation of the creative economy committee representing elements of bureaucrats, politicians, creative communities, academics, business people and journalists. It is expected that a more participatory membership will strengthen support for a creative economy development policy.

**Table 1:** Multi-stakeholders' Role and Representatives in the Banyumas Creative Economy Committee

Role	Representative	Quantity
Chairman	Creative Community	1
Vice Chairman	Academics & Creative Community	1 & 2
Advisor	Top Level Bureaucrats & Politicians	2 & 1
Director	Middle Level Bureaucrats	9
Member	Academics, Business People, Creative Community, Journalists	3, 3, 9 & 1

It is also interesting that the committee's chairperson position is not controlled by bureaucrats, but by community. The election of committee's chairperson is based on a discussion process involving bureaucrats, politicians, business participants, academics and journalists. It is also stipulated that the committee's chairperson is elected from the community which is based on the following considerations: (1) having sufficient capacity, experience and knowledge of creative economy, (2) having extensive networks; particularly with the National Creative Economy Board (BEKRAF), and (3) having a strong commitment to be a dedicated volunteer.

The paragraph below is an analysis of the collaborative ability of various elements in Banyumas creative economy committee, focusing on structural complexity and the dimensions of diversity.

### ***Structural Complexity Dimension***

In this study, the authors take some aspects of the structural complexity dimension of the creative economy committee, namely working relationship, organisational membership, governance and task structure, and dynamics (Huxham et al., 2000).

### ***Working Relationship***

Interaction among CEC members is set out formally in the Regent's decision on the CEC formation. Each position comes with their respective duties and authorities. Practically however, not all members may actively be involved in every meeting. The advisors and director frequently delegate their staff, which is something common in governmental bureaucracy. The leaders, who are actually included in the committee's administration, infrequently attend meetings to discuss activities to develop creative economy. This situation does not actually matter and is acceptable to the other committee members. However, the leaders will not obtain complete information of meeting results, if they are represented by staff in each meeting.

Although the importance of formal relationships is set out by the regent's regulations, the atmosphere built in the interactions between committee members is often informal. This results from the actions of creative workers in creating an informal cooperative situation. Communication between members goes well. The leader from the bureaucratic section even gives full support to the ideas proposed by committee members.

Combining formal work within informal situations can support and improve productivity. However, the working organisation within CEC has not suggested a working reference yet, to support the design of good working relationships within optimum performance. The reference



framework may be proposed by the community or local government. Yet, with no reference framework, local government does not take the initiative to make the draft. Consequently, some creative products which have already become the superior typical products, such as Banyumas arts and culture, and other creative products still get less attention from CEC.

### ***Organisational Membership***

As presented in Table 1, the committee members are derived from bureaucrats, academics, creative communities, business participants, politicians and journalists. This diversity of professional commitment shows collaborative spirit to develop the creative economy. The local government itself is aware that the creative economy is something new for the government, thus cooperation with other stakeholders is required, particularly the creative communities. The authors' involvement in the committee is part of research activity in 2017. The researchers' interactions with creative communities and bureaucrats are taken into the government's consideration to have the researcher involved as part of the creative economy committee.

It is interesting that most of the organisation's members are from creative communities. The creative communities play a relatively large role in developing creative economy in Banyumas Regency, including educational, motivational, information sharing and training roles to promote creative economy among young people.

The cooperative network built by the creative communities is relatively extensive, such as with BEKRAF and the Indonesia Creative City Network (ICCN). Within this extensive network the creative communities participate in encouraging the local government to form a creative economy committee. Therefore, the creative communities have a large representation to become members of the creative economy committee.



**Figure 1:** Collaborative Governance of the Banyumas Creative Economy Committee

### ***Governance and Task Structure***

Collaboration between stakeholders in the CEC is formally set out for their different roles. Regent, vice regent, and chairperson of local parliament take the highest positions as advisors. While local secretary, development and economy assistant, and chairperson of relevant offices take positions as director; and academics, business people and creative communities have their positions distributed as chairperson and implementer. The governance structure facilitates the implementation of each participant's duties. An advisor, for example, is assigned to determine creative economy policy; while the director is assigned to prepare policy formulating materials. Although the duties of each committee member is set out, the committee chairperson and division leaders work practically with members and creative communities, to implement various activities of creative economy development. Some creative communities even actively organise training and workshop for start-up entrepreneurs, regardless of the work plan arranged by the creative economy committee.

### ***Dynamics***

Continual changes are made by local government, particularly by appointing new bureaucrats as creative economy committee members. This is customary for rotation or career

development of bureaucrats. However, placing new staff into CEC membership is not supported with adequate capacity. A new staff member is required to learn from the start, while previous staff with adequate capacity are transferred to other organisational units, with no on-going coordinating relationship within the creative economy institution. This situation impedes the CEC's operation in response to various strategic issues of creative economy.

### ***Dimension of Diversity***

#### ***Resource and Aims***

The budget allocated for supporting CEC's work plans is actually quite limited, which may only be used for a comparative study activity. The minimum budget allocated for creative economy development activities shows that the local government does not understand the importance of creative economy. Besides, the budget still relies on local government budget (APBD) and no effort is made to collect sources of funds from external parties. The dependence on the government's fund also impedes realisation of the CEC's objectives.

#### ***Power***

Differences in power between members does not actually cause problems. However, bureaucrats and politicians have more power, particularly to determine public policy related to creative economy development. This fact is exploited by some committee members. Those who have access to the power of bureaucrats and politicians, tend to be elitist and strict. Consequently, CEC members are divided into two groups; first, a group that desires the CEC to be an inclusive and participatory institution, and the CEC is expected to embrace all sectors per sub-district. Then Secondly, a group that is quite close to power and dominated by a few members, who tend to be less flexible and able to accommodate other members' interests. Consequently, discussion on the CEC's articles of association and memorandum has not reached an agreement at the time that this paper is written.

### **Discussion**

Collaborative governance through formation of the Banyumas CEC in 2018 points out a shifting paradigm of public sector management. Public managers are currently aware of difficulties in responding to the complexities of creative economy. By involving external parties in the creative economy committee, public managers are expecting to gain more opportunities to co-create public value and innovation (Plotnikof, 2015). At least, public managers may gain beneficial assistance from the role of creative community in promoting and educating people related to the creative economy.

However, the collaborative process of the creative economy committee faces a number of problems such as resource limitation, inefficient continual changes, and utilisation of power by some committee members. These problems show the empirical challenges of practicing collaboration in public sector. Public managers still observe the old style of managing multi-stakeholder-based organisations. In fact, creative economy's as a new economic phenomenon need to be well managed, with new approaches that rely on creativity and human capital (Levickaite, 2011). Therefore, public managers should change their managerial style in accordance with the creative economy approach.

In addition, conflicts among creative communities are mostly caused by competing interests. Members of the creative community who have extensive working relationships with various levels of government have created jealousy and even dissatisfaction from other members whose working areas are still limited. This finding is in line with Andres and Chapain (2013) who also found conflicts of interest among members of the creative community. Thus, competition of interests can occur among creative community members and can hinder the process of collaboration.

Conflicts between leaders in the CEC also point out that representation in a collective team may lead to problems within leadership. The inclusion of various stakeholders becomes highly problematic, as leaders fail to play a role in managing dynamic representation in a collaborative process (Koski, Siddiki, Sadiq, & Carboni, 2016). In this study, the chairperson and vice-chairperson representing the community failed to work collaboratively. They tended to compete with each other, to show who is the most powerful. Consequently, this circumstance has prevented them from true collaborative process.

The leader's failure to manage the members' various potentials is one of the main inhibitors for participants in developing CEC. Within the Penta-helix concept, all elements supporting the creative industries have already existed. For example, the role of academics is to evaluate local potentials, the government's authority can establish a policy, and the community may develop their creativity. The role of leadership in the creative economic sector is to assist all members to overcome various challenges, encourage the potential and creativity of the members, and reduce various pressures experienced by members (Mallia, 2019). However, when the leaders are unable to manage these various potentials and challenges, the CEC progress will be very slow or even experience no progress at all.

## **Conclusion**

In summary, this study concludes that practices of collaborative governance face some barriers such as lack of resources, inadequate continual change, and utilisation of power by the certain interest groups. These circumstances impede development of creative economy's



at the local level. In addition, conflict of interest among members of organisation shows that multi-stakeholder collaboration can lead to competition among parties, to achieve more power than others. If this situation cannot be managed, it may lead to organisational stagnation.

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