COLLABORATIVE GOVERNANCE MODEL IN
INDONESIAN INNOVATION STARTUP PROGRAM:
THE MASKIT STARTUP CASE STUDY

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ABSTRACT

This study aims to identify, describe, and analyze collaborative governance models of public services in the Indonesian Innovation Startup (SII) program conducted by the Directorate of Technology-Based Start-ups, National Research and Innovation Agency (BRIN). This study uses the Integrative Framework for Collaborative Governance in realizing organizational goals. This concept is used in order to analyze the role of stakeholders in participating in realizing collaborative government governance in the implementation of the Indonesian Innovation Startup program. This research uses qualitative research with the case study method of the Maskit startup in the Indonesian Innovation Startup (SII) program. The data sources come from documents regarding the SII program and the concept of collaborative governance as well as interviews from various sources. The data are collected through interviews, observations, and documentation carried out by involving related parties, namely the program organizers (government), participants (startup companies), and incubators. The results of the study show that the collaborative governance process in the SII program followed by the Maskit startup, has generally implemented the concept of the Integrative Framework for Collaborative Governance. All elements within the framework, including principled engagement, shared motivation, and joint capacity, have been implemented by all stakeholders involved, namely BRIN as the organizer of the SII program, Maskit as the startup participating in SII, and University of Indonesia as the incubator. This research is expected to enrich academic studies on collaborative governance in the realm of public policy and can be used as a reference for those who wish to conduct similar research or create collaborative programs with elements of government, universities, SMEs, and various other relevant parties.

Keywords: Startup, SMEs, innovation, collaborative governance
A. INTRODUCTION

Micro, small, and medium enterprises (MSMEs) play an important role in supporting the Indonesian economy. Until 2021, there are 64.2 million MSMEs that contribute 61.07 percent to gross domestic product (GDP) or Rp. 8,573.89 trillion (Coordinating Ministry for the Economy, 2021). In addition, it is stated that MSMEs can also absorb 97 percent of the total workforce in Indonesia, and are also able to obtain 60.4 percent of the total business investment. It is no exaggeration to say that MSMEs are the backbone of the nation's economy. The phenomenon of the high contribution of MSMEs to the Indonesian economy cannot be separated from the emergence of various startups as part of the creative economy industry and the digital economy (Karina et al, 2021). In a press release from the Coordinating Ministry for Economic Affairs "Digital-Based Economic Development to Increase the Competitiveness of the Young Generation in the Industrial Era 4.0", it was said that startup founders are today's heroes because they can help Indonesia to maximize the potential of the demographic bonus through the creation of new jobs (Coordinating Ministry for the Economy, 2021).

Government Regulation of the Republic of Indonesia Number 7 of 2021 concerning Ease, Protection, and Empowerment of Cooperatives and Micro, Small, and Medium Enterprises - through Article 35- states that MSMEs can be grouped based on the criteria for working capital or annual sales results, which range from Rp.1 billion to IDR 50 billion (Figure 1). Based on these criteria, startups can be classified as MSMEs in terms of income and assets owned (Ministry of Cooperatives and SMEs, 2021). Meanwhile, based on the definition as described in the Instructions for Implementing Startup Funding Activities (National Research and Innovation Agency, 2021), a startup is a person or group of people who build a new, technology-based startup company that undergoes an incubation process. The technology business incubation process in question is a guidance program for product development and/or business development for startup companies so that they can build a healthy, profitable, sustainable business, and have a positive impact on society.

The dominance of technology startups in Indonesia is getting more extraordinary from year to year, making it attractive for investors to do funding. According to the association of venture capital companies (VC) Amvesindo, despite the challenges faced by the coronavirus outbreak, technology startups in Indonesia managed to secure USD 1.9 billion in funding in the third quarter of 2020 (Tech Collective, 2020). There were 52 funding rounds, with eight financial technology (fintech) sector transactions dominating the list, followed by six transactions in educational technology (edtech), six in Software as a Service (SaaS), five in retail, and four in logistics and e-commerce. Indonesia topped the investment deal fund in the second quarter of 2020 in Southeast Asia, with a 45.8 percent share of total investment worth US$2.7 billion. Singapore came in second with 33 percent, and Vietnam was in third with 7.9 percent. Indonesia is ranked as the fifth country with the most startups in the world, after the United States, India, Britain and Canada. Until 2020, Indonesia has four unicorns (Bukalapak, Tokopedia, Traveloka, OVO), one decacorn (Gojek), and has a total of around 2,100 startups (Tech Collective, 2020). Quoting CNN Indonesia (2019), unicorn is
a category for startups with a valuation of more than 1 billion US dollars or around Rp. 14 trillion. Those with a valuation of more than 10 billion US dollars or equivalent to Rp. 141 trillion are called decacorns (Ulya, 2019).

At the beginning of 2020, the Covid-19 pandemic occurred which was quite a blow to the global economy, including Indonesia. The MSME sector has not been spared the impact of the pandemic. According to a survey conducted by UNDP and LPEM UI published in January 2021, the impact of the pandemic felt by MSMEs included a decline in asset values, reduced product demand, and difficulty in raw materials and distribution channels, which ultimately resulted in reduced income and a reduction in the number of employees (Nurhayati, 2021). It was also stated that the government was trying to support MSMEs through various counseling and consultation programs held by the Ministry of Cooperatives and MSMEs, disbursing Rp. 184.8 trillion for the National Economic Recovery Program (NERP) for MSMEs, providing assistance of Rp. 1.2 million for each micro business actor (MBA). In order to ease the burden on business actors, a 3 percent interest subsidy for people's business loans (PBL) is also provided until the end of 2021.

In the midst of the Covid-19 pandemic, the trade sector is required to adjust to conditions where direct interaction between sellers and buyers is very limited. Supported by the increasing digital literacy situation of Indonesian people, business actors can take advantage of this momentum to shift to the digital economy. In 2021, the Minister of Trade, Muhammad Lutfi said that the digital economy in Indonesia is predicted to grow rapidly up to eight times from Rp. 632 trillion to Rp. 4,531 trillion in 2030 (Ministry of Finance, 2021). Furthermore, to encourage the involvement of MSMEs in economic digitization, the government is promoting the "Proudly Made in Indonesia National Movement Program" so that MSME actors are encouraged to sell on digital platforms. As of June 2021, only 12 million MSMEs have joined the digital platform (only 19 percent of the total MSMEs in Indonesia). It is hoped that this number will increase to 30 million MSME actors by 2030 (Catriana, 2021).

Startups as part of MSMEs in Indonesia have not only succeeded in overcoming the challenges of the Covid-19 pandemic, but also played an important role in helping the country's economic recovery from the impact of the pandemic (Karina et al., 2021). The performance of startups in Indonesia can be seen from the sales figures through e-commerce and the value of fintech transactions. The Bank Indonesia quarter I and II 2021 reports show the value of e-commerce transactions increased by 63.36 percent, electronic money increased by 41.01 percent, and digital bank transactions increased by 39.39 percent (Bank Indonesia, 2021). The Indonesian VC industry also continues to grow, especially vertically related to the digitization of supply chains and MSMEs. Entrepreneurial leadership and expertise that focuses on resilience and strategic business development models are important factors for creating sustainable startup growth prospects (Tech Collective, 2020).

Entrepreneurship is a trend or pride for people who are new or already running a business in the era of globalization. Many people are motivated to run businesses, both culinary, handicrafts, home industries, and so on, so that MSMEs
continue to increase from year to year. Globalization has made the lives of MSMEs tighter and more competitive in finding new markets, gaining opportunities, and achieving excellent international performance (Jonsson & Lindbergh in Ibrahim et al., 2016). In developing entrepreneurial skills, the government needs to be present, especially in efforts to commercialize Indonesian inventions and innovations.

The government's presence in increasing the commercialization of invention and innovation products is contained in the vision and mission of the National Research and Innovation Agency (BRIN) for 2020-2024. This is related to the duties and functions of BRIN, which include facilitating inventions and innovations through research, development, assessment and application of science and technology activities. Strategic objectives and targets based on BRIN's vision and mission are to increase the productivity of inventions and innovations that have sustainable economic competitiveness.

Prior to the formation of BRIN, in 2015-2016, the Ministry of Research, Technology and Higher Education implemented these goals and objectives through a program known as the Technology Business Incubation (IBT). Furthermore, in 2017-2019 a similar program was implemented, namely the Technology-Based Startup Company (PPBT). After BRIN was formed by the government, in 2021 BRIN then developed the Indonesian Innovation Startup Program. One of the roles of BRIN from the upstream side in encouraging the commercialization of inventions is providing support for technology-based startups through the Indonesian Innovation Startup (SII) program. In addition to contributing positively to the growth of SMEs, technology-based startups are also expected to provide added value in terms of innovation through solutions offered to solve problems that exist in society.

Due to the COVID-19 pandemic, many companies are unable to run or develop their businesses. Large companies experienced a significant decline in profits, even losses. Consumer purchasing power dropped drastically and there were many layoffs. However, a number of entrepreneurs are still able to survive despite declining sales and production. In fact, some of them have penetrated into the types of businesses that generate a lot of profit during this pandemic. One type of business that is able to achieve success is a startup that has received support from the SII program from BRIN, namely Maskit. Maskit produces health masks that have activated carbon and nano silver filters that can filter dust and contamination, and kill bacteria and viruses even in the smallest size (nano). This mask is a solution to protect against air pollution, bacteria and viruses, as well as a solution to break the chain of disease transmission.

The success of the Maskit startup business cannot be separated from the support of the SII program, including in the form of funding, mentoring (both offline and online), business matching, bootcamp, promotion and publication, as well as Leaders in Innovation Fellowship (LIF). Of course, various activities in the SII program require cooperation and collaboration from various elements and institutions of government, education, the private sector, and even foreign institutions. The government needs to adapt to these new conditions through a scheme called collaborative governance (Emerson & Nabatchi, 2015).
Collaborative governance is not only a significant adaptive response to these conditions, but also spurs extraordinary innovation.

There is considerable diversity in the form, function, and scale of collaborative governance arrangements. The variety of collaboration is established, starting from governance between central and local governments, between ministries/agencies that work together to provide public services, public-private partnerships, to cooperation with foreign government and non-government parties. This study intends to show that the collaborative governance process in the SII program followed by the Maskit startup has generally implemented the concept of an integrative framework for collaborative governance, although there are various obstacles that cause the SII program to be not fully optimal. The previous research by Hardiansyah & Tricahyono (2019) focused on the role of the incubator and the business model used by startups. Other studies explain startup success factors based on startup internal conditions and capabilities, including synergy, products, processes, managerial innovation, communication, culture, experience, information technology, innovation skills, functional skills, and implementation skills (Hardiansyah & Tricahyono, 2007; 2019).

B. LITERATURE REVIEW

Ansell and Gash (2007) define collaborative governance as “A governing arrangement where one or more public agencies directly engage non-state stakeholders in a collective decision-making process that is formal, consensus-oriented, and deliberative and that aims to make or implement public policy or manage public programs or assets.” Meanwhile Emerson, Nabatchi and Balogh (2011) define collaborative governance as “the processes and structures of public policy decision making and management that engage people constructively across the boundaries of public agencies, levels of government, and/or the public, private and civic spheres in order to carry out a public purpose that could not otherwise be accomplished.”

Emerson & Nabatchi (2015) further develop a concept which they call the Collaborative Governance Regime (CGR), namely “a particular mode of, or system for, public decision making in which crossboundary collaboration represents the prevailing pattern of behavior and activity” (p. 18). CGR has a broad policy and public service orientation, is a cross-organizational system across jurisdictions and different tasks/functions, develops institutional and procedural norms and rules that are conditioned to encourage collaboration, and contains active interactions between institutions within a certain period of time.

In the CGR framework, there are several dimensions and elements that work dynamically, non-linearly, and repeatedly (Figure 1). The first circle is the system context (p. 39), which influences CGR, namely political, legal, social, economic, cultural, environmental, and other conditions. During and after the establishment of the CGR, the participants were involved in the dynamics of collaboration, which was represented by three dynamic and interacting components: principled engagement, shared motivation, and capacity for joint action (p. 57). Through a progressive cycle of collaborative dynamics, participants develop collective goals, a set of target goals, and a theory of change to achieve these common goals, which
together guide the collaborative action of CGR. These actions lead to outcomes, which will later lead to adaptation in the context of the system or the CGR itself.

Figure: The Integrative Framework for Collaborative Governance
Source: (Emerson & Nabatchi, 2015: 27)

Collaborative governance begins and develops in the context of a multi-layered system. Key elements of the system context include conditions of resources or services, policy and legal frameworks, socioeconomic and cultural characteristics, network characteristics, political dynamics and power relations, and conflict histories. This external system context creates both opportunities and constraints, and influences the general parameters within which CGR opens and operates. In addition, although CGR is influenced by the context of the system at the beginning and throughout its life cycle, most CGRs are formed with the hope of also influencing this context through their actions.

Four drivers emerge from the context of this system and provide the impetus for cross-border collaboration (p. 99). First, uncertainty, a key characteristic of problems, can encourage groups to collaborate to reduce, spread, and share risk. Second, interdependence, refers to the perceived need for interdependence in situations where individuals and organizations cannot achieve their own goals. Third, consequential incentives refer to internal pressures (problems, resource needs, interests, or opportunities) or external pressures (situational or institutional crises, threats, or opportunities) that must be addressed to reduce risks to key stakeholders and society at large. Lastly, initiating leadership is needed to encourage early engagement among potential participants and create conditions for launching collaboration dynamics. This drive, which comes in various grades and in various amplifier combinations, started the creation of the CGR.

The dynamics of collaboration, which is on the process side of the collaborative governance equation, consists of three interacting components (p. 102), each of which contains four elements: (1) the principled engagement, which
contains discovery, definition, consideration, and determination; (2) shared motivation, which contains trust, mutual understanding, internal legitimacy, and commitment; and (3) capacity for joint action, which includes procedural and institutional arrangements, leadership, knowledge, and resources. These elements work together dynamically to strengthen their individual components, and the three components work together interactively and iteratively to reinforce one another. The quality and degree of principled engagement, shared motivation, and capacity for joint action depend on productive and self-reinforcing interactions among its elements, and the overall quality and degree of dynamic collaboration depend on productive and self-reinforcing interactions among its three components.

C. METHOD

This study uses a qualitative approach to explain the collaborative governance model in the implementation of the SII program carried out by the Directorate of Technology-Based Startups, BRIN. The research method is a case study, choosing the case of a startup manufacturer of health masks with the brand Maskit. The analysis used is based on observation and document analysis, as well as interviews with resource persons who can represent the organizers (government), participants (startup companies), and incubators (universities). In this research, in-depth interviews were conducted with the government, namely the leaders and coordinators of implementing the SII program from the Directorate of Technology-Based Startup Companies, program participants, namely the CEO of PT Sainsgo Karya Indonesia as a manufacturer of Maskit brand health masks, as well as an incubator from the Maskit startup, namely from the University of Indonesia. The results of the study were analyzed using the Framework analysis technique (Goldsmith, 2021).

D. EXPLANATION

By adopting the CGR concept developed by Emerson and Nabatchi (2015), a collaborative governance model is described in the implementation of the SII program. The first component, namely the principled engagement, is implemented by all major stakeholders in the SII program, as shown in Figure 2, namely BRIN, mentors, incubators, ventured capital/angel investors (in interviews, Maskit does not use/receive investment from ventured capital/angel investors), incubators, and startups. Based on the review of the SII program guidelines and reports (National Research and Innovation Agency, 2022), all parties involved in SII carry out their respective roles and obligations in accordance with the predetermined networking platform. For example, startup tasks include compiling and submitting business profiles, actively participating in building business networks, and requesting and participating in mentoring and pitching. The role of the incubator is to help compile startup profiles, participate in building business networks, including carrying out the mentor function (providing parties who are experts in their fields) in providing training to startups. Meanwhile, BRIN as the organizer of SII, manages the entire schedule of the program series. From the information received in the interview, it can be seen that the principle engagement has been created in
the SII program followed by Maskit, although there are still some shortcomings, including complaints submitted by Maskit over the difficulty of administering permits and certification to the relevant agencies.

![Networking Platform for Indonesian Innovation Startup Programs](source)

Figure: Networking Platform for Indonesian Innovation Startup Programs
Source: (National Research and Innovation Agency, 2022)

The second component, namely shared motivation, has been carried out to build a startup ecosystem, foster startups (pre-startup, startup and post-startup), support Indonesian startups that are independent and capable of transforming into innovation and technology-based SMEs, and increase the commercialization of innovation results. Through various joint activities, a sense of togetherness and trust can be developed between one actor and another. Mutual need can also generate motivation to achieve common goals.

Finally, the third element, namely the capacity for joint action, is the result of achieving joint involvement and mutual motivation. In Emerson & Nabatchi (2015), Himmelman states that collaboration in joint action can improve the quality of the actors involved in achieving common goals. Procedural and institutional arrangements, leadership, knowledge, and resources are needed to create joint actions. Furthermore, in order to formalize procedures and agreements between the institutions involved, guidelines for the implementation of Pre-Startup Funding Activities from Universities and Instructions for Implementation of Startup Funding Activities by BRIN as the program organizer were prepared. These guidelines, as well as strengthen the leadership of program organizers in providing knowledge to SII program participants, in this case the Maskit startup. A lot of knowledge is also given in a series of SII program activities. The existence of guidelines for program implementation is the basis for providing resources, both in terms of budgets, as well as increasing the capacity of human resources involved in the program.
The implementation of collaborative governance in the Maskit case also fulfills six important criteria as stated by Ansell & Gash (2008), which include:

1) This collaborative management forum was initiated by public institutions, in this case public institutions have an important role in the implementation of collaborative management, where BRIN has become the initiator of the formation of a collaborative management forum between related institutions.

2) Stakeholders in the forum include stakeholders outside the public, such as startups, the private sector, social media, and so on.

3) Stakeholders are directly involved in decision-making and are not only “consulted” with public institutions. In practice, stakeholders can provide their opinions in decision-making because because of the open deliberation process. This can be realized in the mentoring and pitching process.

4) The Forums are formally organized and meet collectively. In this collaborative management, a forum is formed that involves many stakeholders who work together to achieve a common goal. BRIN as the program organizer, carries out its function to manage the timeline for program implementation, as well as various offline and online meetings.

5) Forums aim to make decisions by consensus (even if consensus is not reached in practice). Deliberations are carried out to reach consensus in every decision making. This activity is always carried out in the entire series of SII programs (Figure 3).

6) The focus of collaboration is on public policy or public management. In the collaborative management forum, the emphasis is on public policies and interests. In this way, public trust and all stakeholders involved can be realized.

![Figure: Activities of Indonesian Innovation Startup Programs](Source: (National Research and Innovation Agency, 2021))

In addition to the success of GCR, the results of interviews with resource persons, namely two representatives of the organizers (BRIN/SII program manager), CEO of PT Sainsgo Karya Indonesia (startup company Maskit), and the incubator (University of Indonesia), also revealed problems that are still...
encountered in the implementation of GCR in the SII program. These problems include:
1) Limited access and acceleration of product licensing and certification
2) Assistance for startup incubators is not optimal because incubator human resources are active teaching staff (lecturers) at universities
3) The administrative centralization system in universities hinders the process of disbursing funding to startups
4) Less than optimal use of mentoring/coaching clinic facilities for the process of obtaining permits and certifications from BRIN

E. CONCLUSION
Based on the results of the analysis that has been described in the discussion, it can be concluded that the collaborative governance process in the SII program followed by the Maskit startup, has generally implemented the concept of the Integrative Framework for Collaborative Governance from Emerson and Nabatchi. All elements within the framework, including principled engagement, shared motivation, and the capacity for joint action, have been implemented by all stakeholders involved, namely BRIN as the organizer of the SII program, Maskit as the startup participating in SII, and University of Indonesia as the incubator. Apart from the success of Maskit's participation in the SII program, there are several obstacles that still have to be faced outside the collaborative governance process, which of course affect the implementation of the program so that it can be optimal, such as the complexity of licensing and certification bureaucracy, limited human resources for incubators and budget disbursement bureaucracy in Indonesia University, as well as the use of mentoring/coaching clinic facilities held by the organizers.

Based on the research findings, a number of recommendations were then formulated for the realization of the goals of the SII program. The recommendations include:
1) The government needs to build a system of cooperation between Ministries/Agencies through a Memorandum of Understanding and accelerate the implementation of bureaucratic reform in public services
2) There is a need for improvement in HR management, namely the addition of professional human resources in assisting startups
3) There is a need for a special system that can speed up the process of disbursing funding to startups
4) The need for monitoring in the periodic evaluation of startups to ensure whether startups carry out all stages of the SII program activities.

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