Collaborative Governance in the Development of the Singhasari Special Economic Zone

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Abstract

The SEZ Singhasari, established through Government Regulation No. 68 of 2019, was targeted to be operational by 2022, and on October 11, 2022, it was declared ready to receive investors. However, empirically, SEZ Singhasari experienced slight delays in its readiness compared to other SEZs in general, indicating a lack of effectiveness in the collaborative relationship between the government and various other actors in accelerating the operation of SEZ. Based on this background, the research problem is framed around understanding and addressing the challenges and dynamics associated with the Collaborative Governance Model in the development of the Special Economic Zone (SEZ) Singhasari, to identify the initial conditions, facilitative leadership, institutional design, and analyzing the collaborative process and interim results in the development of SEZ Singhasari. This research adopts a descriptive qualitative approach with Singosari District as the selected location. The data sources for this research include primary and secondary data, collected through interviews, observations, and documentation. The research instruments used are the researcher, interview guidelines, field notes, and supporting tools. The data analysis follows Creswell’s method of data analysis and is tested through source triangulation and data collection technique triangulation. Despite power and resource imbalances among actors, collaboration is facilitated due to mutual interdependence. Face-to-face dialogues through incidental coordination meetings are employed in the collaborative process, emphasizing communication, trust, and consensus in decision-making. The regulations and the establishment of the SEZ Singhasari Operationalization Acceleration Team support coordination and institutional design. SEZ Singhasari has implications for students and the surrounding community, enhancing land valuation and economic activities. These impacts strengthen collaboration and drive stakeholders toward achieving their planned goals.

Keywords: Collaborative Governance, SEZ Singhasari, Area Development, Singosari

Introduction

Indonesia is committed to sustainable development in various sectors, including infrastructure and human resources, which are measured by economic growth (Wihastuti, 2008). Its location as a world trade route through the sea gives Indonesia a great opportunity to increase its economic competitiveness (Natalis & Hakim, 2021). With its large area, Indonesia has potential natural resources that support economic growth (United Nations, 2020). Economic growth in Indonesia is still uneven, especially dominated by Java Island, which contributed about 56.55% of the national economy in the second quarter of 2022 (Badan Pusat Statistik, 2022). The government is trying to accelerate equitable economic development through the development of Special Economic Zones (SEZs) in various regions of Indonesia, by the National Development vision (Law of the Republic of Indonesia Number 7 of 2007).
Indonesia, located in the center of the world trade route, has the potential to increase its economic competitiveness (Natalis & Hakim, 2021). SEZs are created as a government strategy to realize this vision (Masterplan for Acceleration and Expansion of Indonesia’s Economic Development 2011-2025 and Nawa Cita President Joko Widodo). Law Number 39 of 2009 on SEZs supports regional development with special facilities for industry, export, import, and high-value economic activities. The development of SEZs aims to attract investment by preparing superior regions and supporting various sectors, such as industry, tourism, and trade (Government Regulation of the Republic of Indonesia Number 40 of 2021). Although not new, similar programs have been carried out previously in Indonesia, such as Bonded Storage Areas, Industrial Zones, Integrated Economic Development Zones, and Free Trade Zones and Free Ports (Law Number 36 of 2000). Currently, Indonesia has 18 Special Economic Zones (SEZs) spread across various regions, with various types of main activities, such as industry, logistics, tourism, and technology. The establishment of these SEZs is expected to spur economic growth, reduce unemployment, and improve the welfare of the people in each region.

The imperative of developing SEZs has resulted in numerous SEZ studies. Rasyid and Darumurti (2022) analyze the difficulties of overlapping land between Mandalika SEZ and nearby communities, as well as the kind of Collaborative Governance that might be used as a solution. According to the findings of this study, each stakeholder in the Mandalika SEZ plays a distinct function. ITDC serves as the primary manager, DPMPTSP Central Lombok Regency serves as the local government administrator, the community serves as entrepreneurs or merchants, and PT. Bunga Raya Lestari serves as a development partner. This research subsequently prompted the researcher to look into the establishment of the Singhasari SEZ in East Java.

East Java Province as well as Malang Regency continues to experience an increase in the Human Development Index (HDI), indicating progress in the quality of life of its population. Malang Regency, part of East Java, has the Singhasari SEZ which was inaugurated through a government regulation. Figure 1 illustrates the human development index of Malang Regency.

![Figure 1. Human Development Index of Malang Regency](Source: BPS, 2023)

The province of East Java is positioned at the 16th spot among the 35 provinces in Indonesia, according to the Human Development Index by Province for the years 2017-2019.
The presence of prominent universities in East Java serves as evidence of the region's strong educational infrastructure. Malang Regency has great potential in the development of a creative economy and digital ecosystem based on the high HDI and number of productive age population. Singhasari SEZ, located near Juanda International Airport and Tanjung Perak Surabaya Port, has a geostrategic advantage for tourism development with the theme of heritage and historical tourism, supported by historical sites of Singosari Kingdom. Singhasari SEZ focuses on the digital economy and tourism development.

In 2021, the National Council for Special Economic Zones evaluated SEZ development, grouping them into 4 categories based on development progress. In addition, that year also saw the emergence of 4 new SEZs to accelerate Indonesia's economic growth. According to the SEZ development report in 2021, SEZ categories include those that have optimal performance, those not optimal yet, new ones, revoked ones, and those that need special attention. Singhasari SEZ falls into the category that needs special attention because of challenges related to infrastructure that is still under construction and needs further investment. With adequate infrastructure, Singhasari SEZ can attract investment and create jobs for local people.

The government designated Singosari District as a Special Economic Zone (SEZ) in 2019 based on the reasons of high availability of human resources (HR) in East Java, geo-economic advantages that support, and heritage tourism theme. Singhasari SEZ is projected for the digital economy and tourism development. Based on government regulations, Singosari SEZ is expected to operate in 2022. However, Singosari SEZ experienced a slight delay in its readiness to receive investors, indicating ineffectiveness in collaboration between the government and other actors. SEZ development requires the collaboration of various actors, including the central government, regional government, and BUPP PT. Intelegensia Grahatama, and related universities. This study aims to analyze the Collaborative Governance Model in Singhasari SEZ Development, especially collaboration between government, private sector, and society, which has not been researched before. This study aims to identify the initial conditions of collaboration, analyze the collaboration process, assess facilitative leadership, identify institutional design, and analyze outcomes in the development of the Singhasari Special Economic Zone (SEZ).

Literature Review

A. Public Administration

Administration is the most prominent aspect of government and can be considered the implementation of actions by the government. Stephen P. Robbins (1983), as cited in Maksudi (2017:27), defines administration as the "universal process of efficiently accomplishing activities through cooperation with others." In other words, administration involves a series of actions carried out collaboratively with others to efficiently achieve goals. Liang Gie (1982:9) has a similar definition, describing administration as a series of activities carried out by a group of people working together to achieve specific goals (Sukardi, 2014).
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On the other side, Frederickson (1997), as cited in Maksudi (2017:219), provides various perspectives in defining the term "public," including interest groups, rational voters, represented parties, customers, and citizens. This indicates that the concept of "public" has diverse interpretations depending on the perspective used to define it. According to the Oxford Dictionary (1995), as cited in Indradi (2006:110), "public" generally refers to members of society or a group of people who share common interests or characteristics.

Public administration is the translation of "public administration" and is often understood as the administration of the state in Indonesia. Webster’s Dictionary (1996), as cited in Indradi (2006:113), defines public administration as "the branch of political science primarily concerned with the structure and functioning of institutions responsible for carrying out government functions." In other words, public administration deals with how government institutions operate. Nicholas Henry, as cited in Indradi (2006:116), explains that public administration is a complex blend of theory and practice aimed at understanding the relationship between government and the governed, as well as promoting public policies that are more responsive to the needs of society.

B. Development Administration

Development Administration is a discipline within public administration which, according to experts, encompasses two main scopes: the development of administration or the improvement of public administration, and the administration of development, which involves the administration for development itself. According to Siagian, as cited in Anggara & Sumantri (2016:24), Development Administration involves two key concepts: administration and development. Administration is defined as the entire process of implementing decisions made and organized by two or more parties to achieve predetermined goals. On the other hand, development refers to a series of efforts aimed at achieving conscious and planned growth and change pursued by a nation and state as part of nation-building. Development Administration can be viewed as the public regulation of economic and social changes through a deliberate public policy setting. From these various definitions, Development Administration can be understood as the entirety of processes and activities carried out by administrators to promote the development and growth of the nation, both in the economic and social realms.

C. Economic Development

There is a close relationship between the economic aspect and development administration in the context of a country’s development process. Economic progress is one of the key parameters of development success. According to Suleman, as cited in Basmar et al. (2021:94), economic development can be defined as an increase in total income and per capita income, both of which are compared to population growth and fundamental changes in the economic structure of a country, while also considering income distribution among the country’s population. Economic development is closely related to economic growth, and
economic growth can facilitate the process of economic development as it leads to an increase in the production capacity of an economy in the form of rising national income.

Economic development has three main characteristics: it is a continuous process of ongoing change; it aims to raise per capita income levels, and this increase in per capita income must be sustained over the long term (Hasan & Aziz, 2018:8). Based on all the explanations above, it can be concluded that economic development cannot be separated from economic growth. Economic development is economic growth accompanied by changes in the structure and methods of economic activities. Economic development will drive economic growth, and conversely, economic growth will also promote the smooth progress of economic development.

D. Collaborative Governance

Camarinha-Matos & Afsarmanesh (2006) distinguish the concept of collaboration from cooperation, networking, and coordination. Networking involves mutually beneficial information exchange without a common structure. Coordination is the alignment of activities for efficiency without a strong shared purpose. Cooperation involves the exchange of information and resources for aligned goals, with the aggregate value of individual contributions. Collaboration is a deep process in which entities share resources, responsibilities, and shared objectives, creating value through intensive cooperation and a shared identity. In collaboration, the concepts of cooperation and coordination still exist but are more focused on shared objectives and enhancing the overall group's capabilities.

Sanaghan (2015) defines collaboration as a transparent and trusted communication process in which all parties feel informed, provide feedback, and contribute to joint decision-making, including decisions on resource allocation that can impact them. This definition is more comprehensive because it includes essential elements, including decision-making rules and resource allocation in collaboration. Based on these definitions, Ansell & Gash (2008) also mention 6 (six) criteria for collaborative governance, including:

a. The forum is initiated by a public body or institution,
b. Participants in the forum include non-state actors,
c. Participants are directly involved in decision-making and not merely "consulted" by the public body,
d. The forum is formally organized and meets collectively,
e. The forum aims to make decisions through deliberation (although consensus may not always be achieved in practice), and
f. The focus of collaboration is on the public, public policy, or public management.
Method

The research method used in this study is qualitative research with a descriptive approach. Descriptive research is a type of research that aims to evaluate the significance of independent variables. It does not include comparing or associating different variables with each other (Sugiyono, 2013). Therefore, descriptive research does not involve hypothesis testing to build and develop theoretical foundations.

The focus of this research includes (1) Initial collaboration conditions, (2) Collaboration process, (3) Facilitative leadership, (4) Institutional design during the collaboration process, and (5) Preliminary results. The research location is in the Singsosari Sub-district, and the research site is in the Singhasari Special Economic Zone. The snowball technique was used for selecting informants. The informants in this study comprise the General Manager of the Singhasari Special Economic Zone (SEZ), the Singhasari SEZ Operator, the Singhasari SEZ Operational Acceleration Team, and the Secretary of the Singosari Sub-District. Data sources were obtained from primary and secondary data. Data collection was conducted through interviews, observations, and documentation. The research instruments included the researcher, interview guidelines, and field notes. Data analysis was carried out using the Cresswell Model. This data analysis method, which incorporates data coding, allows researchers to objectively identify and address issues, thereby achieving desired outcomes. As a data credibility test, researchers used two types of triangulations in this study: source triangulation and triangulation of data-gathering methodologies.

Result and Discussion

A. Initial Conditions of Singhasari SEZ Development

In the context of the Singhasari Special Economic Zone (SEZ), initially, the resource imbalance between the private sector and the Malang Regency government catalyzed collaboration. The private sector, represented by PT Intelligentsia Grahatama, donated land for the construction of a museum and public facilities, while the government provided assistance and consultation. However, the private sector's initiation indicated a resource imbalance at the outset of the collaboration, where the private sector had more resources such as funds and land. In line with the collaborative governance model, this resource imbalance initially served as capital for a high level of trust and commitment to the collaboration (Alam, 2023).

The Singhasari SEZ was established due to its strategic location near Juanda Airport, Tanjung Perak Port, and the Pandaan-Malang toll road. The initial process involved collaboration between the private sector and the Malang Regency Government to propose the SEZ to the National SEZ Council after meeting the requirements. The government formed the Singhasari SEZ to promote balanced development in Indonesia based on the potential of the Malang Raya region. The private sector was engaged in the digital ecosystem and the creative economy with business incentives and environmental responsibilities. Collaboration between the private sector and the government was driven by strong motivations from each party that believed the results depended on cooperation to achieve common goals.
In the early stages of Singhasari SEZ development, the cooperation between PT Intelligentsia Grahatama and the Malang Regency Government facilitated collaboration. PT Intelligentsia Grahatama had donated land for the museum and public facilities. Although the COVID-19 pandemic hindered tourism development, the history of successful collaboration has built a high level of trust among stakeholders, enabling effective collaboration.

B. Leadership in the Development of Singhasari SEZ

Leadership plays a crucial role in establishing ground rules, facilitating dialogue, and ensuring all parties are engaged in collaboration. In the context of the Singhasari Special Economic Zone (SEZ), the Malang Regency Government formed the Singhasari SEZ Operational Acceleration Team led by the Head of the Malang City Planning and Development Agency, Tomie Herawan, to accelerate the development of the Singhasari SEZ. This team demonstrates the government's support for the development of the Singhasari SEZ, with Tomie Herawan serving as the primary coordinator. Tomie Herawan's role as the team leader helps facilitate coordination and collaboration among various government organizations and the private sector involved in the development of the Singhasari SEZ, enhancing collaboration effectiveness and facilitating communication between the private sector and the government in achieving the common goal of Singhasari SEZ development.

C. Institutional Design for Singhasari SEZ Development

Clear institutional design in the development of the Singhasari SEZ is essential because it helps all actors understand their roles in collaboration. The research collected data and outlined the institutional design and the roles of actors in a table.

| Table 1. Institutional Design and Inter-Actor Roles in Singhasari SEZ Development |
|---------------------------------|-----------------------------------------------|
| **Actor**                       | **Roles**                                     |
| SEZ National Council            | The role of the National SEZ Council includes preparing the National SEZ Master Plan and setting strategic policies, infrastructure standards, and minimum services in SEZs. They are also responsible for assessing areas for SEZs, developing potential areas, and resolving strategic issues. The council also monitors, evaluates, and recommends further actions related to the sustainability of SEZs, including revocation of SEZ status to the President. (Law No. 39/2009 on Special Economic Zones) |
| SEZ Regional Council            | They implement the policies of the national council, form SEZ Administrators, supervise the implementation of the SEZ Administrator's duties, |

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<table>
<thead>
<tr>
<th>Actor</th>
<th>Roles</th>
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<tbody>
<tr>
<td><strong>SEZ Administrator</strong></td>
<td>The SEZ Administrator has main duties that include granting business licenses to business actors operating in SEZs, supervising SEZ operations, and routine and incidental reporting to the Regional Council regarding SEZ operations. (Law Number 39 the Year 2009 on Special Economic Zones)</td>
</tr>
<tr>
<td><strong>Area Development and Management Business Entity</strong></td>
<td>Provider and manager of infrastructure in the area, such as roads, electricity, clean water networks, waste management networks, and energy.</td>
</tr>
<tr>
<td><strong>SEZ Operationalization Acceleration Team</strong></td>
<td>The SEZ Operationalization Acceleration Team has the main role in coordinating the implementation of the Singhasari SEZ in Malang Regency with relevant parties. In addition, they are also tasked with evaluating various programs and activities related to SEZs, including accelerating the formation of regional regulations and regent regulations related to incentives, levies, and taxes, accelerating administrator operations, infrastructure development, and synchronizing policies from the central, provincial, and regional levels. This team is also obliged to report the results of the task implementation to the Regent through the Regional Secretary of Malang Regency. (Decree of the Regent of Malang Number 188.45/318/KEP/35.07.013/2020 on the Singhasari SEZ Operational Acceleration Team)</td>
</tr>
<tr>
<td><strong>Business Actors</strong></td>
<td>Conducting business activities within the Singhasari Special Economic Zone</td>
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Source: Researcher, 2023
D. The Collaboration Process in the Development of Singhasari SEZ

In the collaborative governance of the Singhasari Special Economic Zone (SEZ), face-to-face dialogue among stakeholders is crucial for building trust and achieving common goals. This dialogue takes place through non-routine meetings and online platforms such as Zoom, Microsoft Teams, and Google Meet for efficiency. Sustained communication through dialogue helps to unify diverse ideas and clarify shared objectives, ensuring effective collaboration and exploring mutual benefits.

In the development of the Singhasari SEZ, collaboration involves the process of building trust among stakeholders. This trust is reinforced by regulations governing SEZs, such as Law Number 39 of 2009 and related government regulations. Collaboration is also enhanced through effective communication, both online and offline, as well as joint decision-making to solve problems, implement programs, and develop the area. This process strengthens trust and synergy among stakeholders over time.

In collaboration, commitment to the process is crucial. This requires stakeholders to adhere to consensus outcomes, even if they do not fully agree. In the development of the Singhasari SEZ, both the private sector and the government actively contribute with their ideas, agreements, and active roles in developing the SEZ. They consider each other as a "team" in this development, with the government providing facilities and coordination through the Operational Acceleration Team. Regulations also help maintain the commitment of actors in this collaboration.

Stakeholders, including the Malang Regency Government and the Singhasari SEZ Business Entity, agree on the goal of developing the Singhasari SEZ, which is currently focused on becoming a leading digital ecosystem and creativity hub in Indonesia. Regulations support this shared understanding. The development of the education sector is a priority in creating integration within the digital ecosystem, with King’s College London opening a campus in the Singhasari SEZ. The National SEZ Council has issued an Operational Expansion Assignment Letter for the education sector to the Singhasari SEZ.

E. Results During the Collaboration Process in the Development of Singhasari SEZ

The development of the Singhasari Special Economic Zone (SEZ) reflects the success of collaborative governance based on the achievement of concrete goals and significant short-term results. In the development of the Singhasari SEZ, the attainment of short-term results is considered a crucial momentum in building trust among stakeholders, as also explained in Ansell and Gash’s (2007) theory on the importance of commitment to the collaborative process. The development process of the SEZ has included concrete steps such as infrastructure preparation, institutional formation, and effective management. Clusters like the Animation and Film Factory, SEAL (Social Economic Accelerator Lab), Commerce Park, and Tourist Destination serve as tangible evidence of these achievements. Collaboration with King’s College London and Bank Negara Indonesia (BNI) has further strengthened the aspects of
education and digital startup financing, making the Singhasari SEZ an excellent digital ecosystem.

Furthermore, the impact of the Singhasari SEZ is not limited to the zone itself but extends to the surrounding areas. The land value around the SEZ has increased, creating new economic opportunities for the local community. The SEZ has also triggered business growth, such as boarding houses, laundries, convenience stores, and food ventures in the vicinity, promoting economic growth centers in the area. As the Singhasari SEZ develops, the surrounding region experiences beneficial organic growth for the local community and businesses. Thus, the Singhasari SEZ serves as a successful example of collaborative governance that provides significant positive impacts both within and beyond its boundaries.

Figure 2. Singhasari SEZ Collaborative Governance Model by Ansell and Gash

Because of an imbalance in authority and resources, the Singhasari Special Economic Zone (SEZ) in Malang Regency has been able to successfully collaborate with other entities. The Singhasari Special Economic Zone Development and Management Business Entity, also known as BUPP KEK, has made a substantial contribution to the development of infrastructure. However, to achieve economic progress, help and collaboration from the Malang District Government as well as the private sector are still required. As a result of the contribution that PT Intelligentsia Grahatama made to a housing cluster in Singosari, Indonesia, the Malang Regency Government decided to take part in the Special Economic
Zone (SEZ) program that was run by the central government. It was because of this that other players were encouraged to improve laws and encourage collaboration based on responsibility and compliance with norms that were already in place. A previous collaboration between the Regional Government of Malang Regency and PT Intelligentsia Grahatama has its origins in the private sector's donation of land to the government. This is the foundation upon which the current collaboration is built.

It is Bappeda's responsibility to lead the Singhasari Special Economic Zone Operationalization Acceleration Team, which is responsible for facilitating collaboration and coordination between the private sector and other agencies and OPDs in Malang Regency. The Regional Revenue Agency, the Tourism and Culture Office, the Environment Office, the Housing Office, the Settlement Office, the Malang District Bina Marga Public Works Office, the Regional Secretary, and the Tirta Kanjuruhan Regional Public Company are all members of this team. The institutional design of cooperation is impacted by laws and regulations, with the National SEZ Council serving as the central coordinator, the Regional Council providing direction, the SEZ Administrator, and BUPP functioning as the executor and manager, effectively facilitating the interaction between the parties involved. There is face-to-face communication that is a part of the process of collaboration. This dialogue helps to establish trust, commitment, common understanding, and temporary impact. If you want to have a good collaboration, it is vital to have regulations, to prioritize communication, and to make decisions together. This will ensure that the process is both smooth and effective. Collaboration between the business sector and the government results in the generation of ideas and inventions, which in turn leads to a shared understanding and shared objectives (Luthfi & Naufal, 2023). As a result of this partnership, transitory impacts are produced, such as the Singhasari Special Economic Zone (SEZ), which can attract investors and provide sufficient educational facilities for students who are studying animation. This temporary impact also results in an increase in the valuation of land and a revitalization of economic activity in the towns that are located nearby, which ensures the success of the relationship.

Conclusion

Initially, the private sector led this development initiative, supported by the central government's infrastructure development outside the area. This situation created a natural impetus based on needs and cooperation among stakeholders. Strong regulations and structured institutional design were the keys to the success of this collaboration, with facilitative leadership playing a crucial role in maintaining actor engagement. Face-to-face dialogues that were responsive to current issues also became an integral part of the collaboration, building trust and shared understanding over time. The impact of this collaboration is felt in various aspects. The Singhasari SEZ helps prepare students for careers in animation and technology, while the surrounding community experiences increased land value and economic growth. This reflects the success of the ongoing collaboration, motivating stakeholders to strengthen their collaboration further to achieve their established goals.
The researchers propose several suggestions for the Regional Government of Malang Regency, the business sector, and other relevant sectors engaged in the advancement of Special Economic Zones (SEZs). These measures encompass enhancing cooperation and enhancing organized decision-making, enhancing in-person communication and dialogue among stakeholders, and augmenting community involvement in SEZ development. The purpose of these proposals is to guarantee the long-term viability of the program and enhance the well-being of the community residing in the vicinity of the Special Economic Zone (SEZ). The government should provide clear and actionable instructions and laws that promote effective collaboration without unnecessarily complicating the process.

References