

Conference Paper

Collaborative Governance in Investment Programs in Makassar City

Andi Zulkifly

Doctoral Student of Public Administration, Faculty of Social and Political Sciences, Hasanuddin University

Abstract.

Collaborative governance encourages cooperation and active participation among various parties. This study aims to analyze collaborative governance in investment programs in the city of Makassar. It uses a qualitative descriptive research method. Data collection was conducted through in-depth interviews, observations, and documentation studies. The research participants were actors involved in the investment program. Data sources included primary data obtained from observations and in-depth interviews, while secondary data were obtained from document searches. The results show that the collaborative governance process in the investment program in Makassar City is going well, as can be seen from the routine face-to-face dialogue as well as the trust that is built through the provision of information and evaluating services. Joint commitment is achieved by carrying out duties and functions. However, there are still apparatus human resources that have not participated in investment management training, which hinders the optimal implementation of the program. Meanwhile, shared understanding has been built through joint deliberations as a form of constraint discussion. The results of the investment program can be seen in the annual increase in domestic and foreign investment.

Keywords: collaborative governance, investment program, capital investment

Corresponding Author: Andi Zulkifly; email: andizulkifly@gmail.com

Published 2 October 2023

Publishing services provided by Knowledge E

© Andi Zulkifly. This article is distributed under the terms of the [Creative Commons Attribution License](#), which permits unrestricted use and redistribution provided that the original author and source are credited.

Selection and Peer-review under the responsibility of the 1st DIC Conference Committee.

1. Introduction

Collaborative governance involves active participation and cooperation between the various parties involved in the decision-making and implementation of investment programs. In the context of investment programs, collaborative governance refers to cooperation between the government, private sector, civil society, and other stakeholders to design, implement, and manage investments together.

In recent years, collaborative governance has emerged as a powerful approach to address complex challenges and drive sustainable development in various domains. One area in which this approach has gained significant traction is investment programs within cities. In Makassar City, a bustling metropolis located on the eastern coast of Indonesia, collaborative governance has become a key driving force behind economic growth and development. Investment is one of the key factors in every effort

OPEN ACCESS

to create economic growth, and Investment Services and One-Stop Integrated Services (DPMPTSP) play an important role in achieving this, one of which is the Investment Promotion and Cooperation Enhancement Program.

The level of investment in the province of South Sulawesi will reach 12,075 billion by 2021, and the Central Statistics Agency (BPS) records that the province of South Sulawesi is the 10th province with the largest amount of investment in Indonesia. With an investment rate that continues to increase every year, namely 5,672 billion in 2019, 9,142 billion in 2020, and 12,075 billion in 2021, the largest contributor to investment value is Makassar City, with a total of 68% of the total investment in 2021. Makassar City, with its rich cultural heritage, strategic location, and diverse economic potential, has become an attractive destination for local and foreign investors. However, harnessing the full potential of these investments and ensuring their positive impact on the city's residents require effective collaboration and coordination among various stakeholders.

The collaborative governance approach in investment programs is adopted to achieve better results, involving various stakeholders or actors and minimizing conflicts of interest. Through effective collaboration, all parties can share knowledge, resources, and responsibilities and work together in decision-making processes. Ansell and Gash [1] define collaborative governance as a collective decision-making method in which public institutions and non-state stakeholders engage with each other in a consensus-oriented deliberative process to find and implement public policies and procedures to manage public resources. Ansell and Gash [1] categorize collaboration processes into dimensions. Face-to-face refers to direct communication in the form of efforts to reduce stereotypes or perceptions of actors who see the negative side of other actors and increase respect between actors. Second, trust building, where building trust needs to be done as soon as possible when the first collaboration process is carried out. This is attempted to ensure that stakeholders do not experience egocentrism between institutions. The literature strongly suggests that collaborative processes are not only about negotiations, but also about building trust among stakeholders Alexander et al., [2] Beierle & Konisky, [3]; Glasbergen & Driessen, [4]; Imperial, [5]; Murdock et al., [6]; Short & Winter, [7]; Tett et al., [8]; Vangen & Huxham, [9]. Third, commitment to the process of building a shared commitment between each actor can be seen through the motivation and involvement of each actor in program implementation. Fourth, shared understanding, namely that each actor should be able to understand the shared vision and mission of the program to facilitate program implementation in dealing with problems that arise without egocentrism. Fifth is the intermediate outcome, namely, the visible results of the program implementation process.

Through collaboration on investment programs in Makassar City, the government can utilize the knowledge and resources possessed by stakeholders to increase the effectiveness of investment programs. This cooperative process is also expected to create a conducive environment for sustainable investment and provide benefits to society at large. By embracing collaborative governance, Makassar City has not only attracted significant investments, but has also achieved a more inclusive and sustainable development trajectory. This article sheds light on the various mechanisms employed, such as public-private partnerships, stakeholder engagement, and participatory decision-making processes, which have contributed to the city's success in leveraging investments for the benefit of all.

2. Methods

The method used in this study was descriptive, with a qualitative research approach. The author uses qualitative methods to measure, observe, and describe collaborative governance in the investment program at the ((DPMPTSP) in Makassar City. This research focuses on the collaborative process proposed by Ansel and Gash [1], which consists of Face-to-face, trust building, commitment to process, shared understanding, and intermediate outcomes. This study used both primary and secondary data. The primary data was collected through in-depth interviews with the Head of one-stop integrated service investment services (DPMPTSP) and investment planning and development coordinator, the investment promotion coordinator, and the investors. Meanwhile, the secondary data were collected through observations, and documentation was obtained from internal documents at the DPMPTSP. The data analysis technique in this study uses the Miles and Huberman [10] model, which suggests that the activities in qualitative data analysis are carried out interactively and continuously until complete, so that the data is saturated. There are three activities in the data analysis: data reduction, data display, and conclusion drawing/verification. The research was carried out at the One Stop Integrated Service Investment Service(DPMPTSP) in Makassar City as the largest amounts of investment in South Sulawesi.

3. Results and Discussion

The agency of Housing, Residential Areas, and Land of Gowa Regency plays a very important role in this program because, from the beginning, starting from the proposal of

the program uploaded in the Collaboration, Planning, and Budget Performance Information (KRISNA) application, recruitment of facilitators, and verification of the disbursement process continues to provide assistance. The Regional Inspectorate of Gowa Regency played a role in examining the distribution of aid in accordance with the rules and technical instructions for activities. On the Kelurahan/Village Government side, the role is to provide data related to uninhabitable houses to be proposed to the relevant agencies.

According to Article 1, Number 4 of the law, an investment is an individual or business entity that makes an investment, which can be in the form of domestic or foreign investors. Both domestic investment (PMDN) and foreign investment (PMA) are expected to spur positive economic growth.

The Makassar City One-Stop Investment and Integrated Services Service is a regional work unit (SKPD) that has the main tasks and functions in the investment and licensing sector in an integrated manner so that the programs and activities set must support the government's vision and mission in this field. There are various DPMPTSP programs for increasing investment, including the following:

1. Investment climate development program

This program contains investment strategies, including the preparation of the Investment Project Ready to Offer (IPRO), which includes investment projects that are ready to be marketed to business actors. In addition, there is also the preparation of an Investment Potential Map that includes the investment profile of Makassar.

2. Investment Promotion Program

This program includes investment promotion activities in the form of the Makassar Investment Forum and DPMPTSP's participation in investment exhibitions both within the region, outside the region, and abroad.

3. Investment Control Program

This program contains investment supervision activities as a follow-up to the issuance of licenses that have been issued. In addition, Investment Guidance is also carried out in the form of an online single submission risk-based approach (OSS-RBA) socialization and Investment Activity Report Technical Guidance (LKPM), which contains progress on investment realization for business actors.

Of the three forms of the program, the budget for the implementation of each program from year to year is shown in Table 1.

The table above shows that the investment climate development program, investment promotion program, and investment control program are routinely carried out every year

TABLE 1: Investment Program Budget 2019-2022.

No	Year	Investment Program	Total Budget
	2019	Investment Promotion Program	364,061,100
	2020	Investment Climate Improvement Program	80,634,000
	2021	Investment Promotion Program	412,827,000
		Investment Climate Development Program	107,105,000
		Investment Implementation Control Program	1,213,375,200
	2022	Investment Promotion Program	142,194,000
		Investment Climate Development Program	678,268,000
		Investment Implementation Control Program	1,408,392,100
	2023	Investment Promotion Program	1,566,138,000
		Investment Climate Development Program	401,147,000
		Investment Implementation Control Program	829,535,000

Source: One Stop Investment and Services Office, Makassar City, 2023

from 2021 until now. The budget provided varies each year depending on the situation and conditions as well as the planned development focus. The collaborative process in the investment program in Makassar City is as follows:

3.1. Face to Face Dialogue

The process of collaborative governance through face-to-face dialogue plays a pivotal role in driving investment programs in Makassar. Face-to-face dialogue allows diverse actors to come together, exchange ideas, and collectively shape the direction of investments in the city's development.

Face-to-face dialogue in investment programs in Makassar City is carried out during coordination meetings for the implementation of investment activities, such as the implementation of the Makassar Investment Forum organized by the Makassar City One-Stop Integrated Investment Service (DPMPTSP). This activity presented various stakeholders, including resource persons from the Ministry of Investment/Investment Coordinating Board (BKPM), both domestic and foreign investors, and other Regency/City Governments. In addition, to measure the level of success in the implementation of each investment activity, a monitoring and evaluation meeting was held on the implementation of

the activity, which was attended by the Investment Council and DPMPTSP apparatus of Makassar.

During these dialogues, stakeholders engage in meaningful conversations, deliberations, and negotiations to identify common objectives, align interests, and address potential conflicts or tradeoffs. They share valuable insights, local knowledge, and expertise, which contribute to informed decision-making processes. The actors involved in the investment program in the city of Makassar are (1) the Makassar City Investment Council, which consists of academics, business associations, and government officials whose job is to provide advice on every investment program carried out by the Makassar City government; (2) investors, as beneficiaries of investment management programs; (3) DPMPTSP apparatus as an investment service provider; and (4) Regional Technical Organization.

In Makassar City, face-to-face dialogue has been instrumental in shaping investment programs and projects. This has allowed stakeholders to collectively identify priority sectors, set goals, and establish criteria for evaluating investment proposals. Through these dialogues, local residents had the opportunity to voice their concerns, share local knowledge, and contribute to decision-making processes, making investments more responsive to the needs of the community.

3.2. Trust Building

The process of collaborative governance through trust building is a fundamental aspect of driving investment programs in Makassar. Trust serves as the foundation for effective collaboration, cooperation, and collective action among stakeholders, enabling them to work together towards common goals and navigate complex challenges. One of the key strategies for building trust is to foster open and transparent communication. This involves providing accurate and timely information to all stakeholders regarding their investment plans, project details, potential risks, and benefits. Transparent communication helps create a shared understanding and reduces uncertainties, building confidence and credibility among stakeholders.

In this case, the DPMPTSP always tries to maintain trust. Providing service information, such as types of requirements, service processing time, and other information. Efforts made by the DPMPTSP to build trust have also been carried out in the form of providing a service information center, preparing SOPs, and implementing evaluations of the services provided. In addition, rewards and punishments are also carried out for service

providers, namely internal DPMPSTSP parties, and service recipients, namely business actors.

Moreover, trust building is facilitated by the establishment of formal and informal mechanisms for conflict resolution. Inevitably, disagreements and conflicts may arise during the implementation of investment programmes. However, by having transparent and accessible channels for resolving disputes, stakeholders can address conflicts in a constructive and collaborative manner, preserving trust and preventing escalation.

The implementation of a collaborative process that involves various stakeholders cannot escape differences of opinion among stakeholders, such as in determining which projects will become investment projects or ready-to-offer (IPRO) projects, but these differences can be resolved by holding deliberations by providing considerations based on common interests.

3.3. Commitment to The Process

Commitment has a strong relationship with the collaborative process. Commitment is the motivation for involvement in collaborative governance. A strong commitment from each stakeholder is required to prevent risks in the collaboration process. Commitment to the collaborative process ensures that stakeholders actively engage, participate in, and adhere to agreed-upon principles and procedures, leading to more effective and sustainable outcomes. The forms of involvement and motivation for each actor in the collaboration process in the Makassar investment program are as follows:

1. The Makassar City Investment Council collects, analyzes, and provides inputs for the formulation of investment policies in Makassar City. The Makassar city investment council continues to collaborate on investment programs to realize Makassar City as an investment-friendly city

2. Investors: Investors act as recipients of investment services providing capital and future profits

3. The DPMPSTSP apparatus provides investment services based on the applicable regulations.

4. Technical OPD provides technical data related to the investment project to be carried out and provides technical recommendations for the implementation of the investment project to be carried out. The OPD is committed to realizing excellent services for business actors.

In the process of implementing the program, all actors involved carried out their respective duties and functions. Through their commitment to the collaborative process,

stakeholders in Makassar City work together towards the common goal of driving investment programs that align with the city's development priorities, benefit the local community, and contribute to sustainable economic growth and prosperity. However, based on the findings, there are still several Human Resources (HR) apparatuses that have not participated in investment management training, which is an obstacle to more optimal program implementation.

3.4. Shared Understanding

Shared understanding refers to the common comprehension and appreciation of the goals, challenges, and potential outcomes among stakeholders involved in the collaborative governance process. In a shared understanding, each stakeholder must understand the vision and mission of the programme. The vision of the investment program in the city of Makassar is to create an investment climate for investment and provide one-door integrated services that are conducive for all. The objectives of the program are (1) to improve the quality of service standards and licensing services; (2) to build HR capacity; (3) to provide guidance for business actors, PMA, and PMDN in Makassar City; and (4) to facilitate investment in investment facilities/incentive policies.

In the process of implementing the investment program in Makassar City, collaboration is required with several stakeholders from various backgrounds, which causes differences in perceptions regarding the implementation of their respective tasks. To deal with this stakeholder egocentric problem, leadership commitment is needed to carry out a policy together, and these differences can be overcome by having meeting forums to discuss problems.

3.5. Intermediate Outcomes

With the investment program in Makassar City, new jobs can be opened, government revenues will increase, business actors' understanding of the benefits that can be obtained by investing can be built, and the number of investors investing in Makassar City can also increase.

The increase in investment development is not only measured by investment growth but also by the development of investment composition and progress between approved investment plans and investment realization. The development of investment composition can be seen from the development of investment in capital goods, housing, utilities, domestic investment (PMDN), and foreign investment (PMA).

Domestic Investment (PMDN) is a type of investment owned by domestic investors and companies. Domestic investors can include local private companies, state-owned enterprises, or individuals with Indonesian citizenship. They have majority ownership or a majority stake in the company. The realization of the PMDN in the city of Makassar is shown in Table 1.

TABLE 2: Development of Domestic Investment Realization (PMDN) in Makassar City.

No	year	Project	Investment	Labor	
				Indonesia	Foreign
	2018	12	26,468,345,227	0	547
	2019	459	3,067,061,000,000	3,828	0
	2020	975	7,453,875,500,000	3,371	4
	2021	1,807	7,571,355,800,000	2,522	3
	2022	2,129	3,483,455,700,000	3,254	0

Source: One Stop Investment and Services Office, Makassar City, 2023

Foreign Investment (PMA) is a type of investment owned by foreign investors and companies in Indonesia. Foreign capital owners have majority ownership or majority share in the company. The realization of the FDI budget in Makassar is shown in Table 2.

TABLE 3: Development of Realization of Foreign Investment (PMA) in Makassar City.

No	year	Project	Investment (US\$)	Labor	
				Indonesia	Foreign
	2018	17	79. 656,448	543	4
	2019	228	96,862,466	164	11
	2020	339	19,295,100	1,026	11
	2021	1912	734,354,995,789	494	16
	2022	323	454,171,563,252	1,033	32

Source: One Stop Investment and Services Office, Makassar City, 2023

Based on the table above, the Development of Realization of Domestic Investment (PMDN) and the development of the Realization of Foreign Investment (PMA) in Makassar City tends to increase every year, which indicates that collaboration in the investment program in Makassar City can increase investment value by increasing foreign investment and domestic investment.

4. Conclusion

Collaborative governance has emerged as a powerful approach to drive investment programs in Makassar City, contributing to its economic growth and development.

The collaborative governance process in the investment program in Makassar City is ongoing. This can be seen through Face-to-face, where the implementation of interactions between stakeholders is routinely carried out at coordination meetings for the implementation of investment activities, meeting monitoring, and evaluation of the implementation of activities. Building trust is carried out by providing a service information center, preparing SOPs, and implementing service evaluations. Commitment to the process was also established through the implementation and division of the tasks and functions of each actor. However, there are still apparatus human resources that have not participated in investment management training, which hinders the optimal implementation of the program. Shared understanding, to deal with stakeholder egocentric problems, requires leadership commitment to carry out a policy together, while these differences can be overcome by meeting forums in discussing problems. Intermediate outcomes can be seen through annual increases in PMDN and FDI. Regular evaluation of the effectiveness of policies and frameworks that support collaborative governance in investment programs. Assess their impact on stakeholder engagement, transparency, and outcomes. Use the evaluation findings to refine policies, address gaps, and adapt to evolving needs and challenges. These policy actions could be undertaken to strengthen collaborative governance in investment programs in Makassar.

References

- [1] Ansell C, Gash A. Collaborative governance in theory and practice. *Journal of Public Administration Research and Theory*. 2008;18(4):543–71.
- [2] Alexander JC, Comfort ME, Weiner BJ. Governance in public private community health partnerships: A survey of community care network SM demonstration sites. *Nonprofit Management Leadership*. 1998;8(4):311–32.
- [3] Beierle TC, Konisky DM. What are we gaining from stakeholder involvement? Observations from environmental planning in the Great Lakes. *Environment and Planning C: Government and Policy*. 2001;19(4):515–27.
- [4] Glasbergen P, Driessen PPJ. Interactive planning of infrastructure: The changing role of Dutch project management. *Environment and Planning C: Government and Policy*. 2005;23(2):263–277.
- [5] Imprial M. Using collaboration as a governance strategy. *Administration & Society*. 2005;37(3):281–320.
- [6] BWC, K Murdock. Stakeholder participation in voluntary environmental agreements: Analysis of ten projects XL case studies. *Science, Technology, and Human Values*.

2005;30(2):223–50.

- [7] Short C, Winter M. “The problem of common land: Towards stakeholder governance. *Journal of Environmental Planning and Management*. 1999;42(5):613–30.
- [8] Tell LC. Collaborative partnerships in community education. *Journal of Education Policy*. 2003;18(1):37–51.
- [9] S & H Vangen. Enacting leadership for collaborative advantage: Dilemmas of ideology and pragmatism in partnership managers. *Activities British Journal of Journal of Management*. 2003;14(1):561–576.
- [10] H. A. e. a. Miles MB. *Qualitative data analysis: A method source book*. California: SAGE Publications. 2014.