Journal of Governance and Local Politics (JGLP)
Vol. 8, No. 2, November 2026, pp. 412-419
Received Aug 06, 2026 □ Revised Oct 26, 2026 □ Accepted Oct 27, 2026

Toward Collaborative Governance Model to Enchance the Comvetitiveness of Local Micro, Small, and Medium Enterprises in Bone Regency

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Keyword:
Collaborative governance;
MSME competitiveness;
local economic development;

Abstract: Local micro, small, and medium enterprises are central to inclusive economic development, yet they often face fragmented support systems, limited digital capability, weak market access, and unequal access to finance. This article analyzes collaborative governance as a strategy to enhance the competitiveness of local MSMEs in Bone Regency. The study applies a qualitative descriptive approach based on document review, secondary statistical data, and scholarly literature on collaborative governance and MSME competitiveness. The analysis uses four governance dimensions: initial conditions, institutional design, facilitative leadership, and collaborative process. The findings show that Bone Regency recorded 28,842 micro businesses in 2024, concentrated particularly in Tanete Riattang, Tanete Riattang Barat, Tanete Riattang Timur, Palakka, and Awangpone. Local initiatives involving digital financial literacy, packaging assistance, equipment support, and financial actors indicate emerging collaborative practice. Competitiveness can be strengthened through an integrated MSME database, a permanent multi-stakeholder forum, cooperative-based aggregation, market linkage programs, and measurable performance indicators. Collaborative governance is therefore not merely interinstitutional coordination but a strategic mechanism for combining public authority, private resources, community knowledge, and academic support to build a more adaptive and competitive local MSME ecosystem.

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) have long been treated as a foundation of local economic resilience in Indonesia. Their contribution is not only economic but also social, because they absorb labor, create household income, and sustain productive activities in urban as well as rural areas. At the national level, the Ministry of Finance reported that Indonesian MSMEs reached 64.2 million units, contributed 61.07 percent to gross domestic product, absorbed approximately 117 million workers or 97 percent of total employment, and accounted for 60.4 percent of total investment (Indonesia, 2024), affirming their historical role as the primary safety net for the national economy (Tambunan, 2019). These figures show why MSME development is not a peripheral agenda, but a central issue in public administration, local development, and inclusive growth. Reflecting this national urgency at the regional scale, Bone Regency mirrors this strong dependency on the grassroots economy. With 28,842 micro-businesses recorded in 2024, the MSME sector in Bone supports a substantial proportion of the local workforce, positioning the regency as a vital entrepreneurial hub in South Sulawesi.

At the global level, SMEs are similarly recognized as the backbone of most economies. The World Bank emphasizes that SMEs represent around 90 percent of businesses and account for more than half of global employment, while access to finance remains a persistent barrier for enterprises in emerging and developing economies (Bank, 2026). In Indonesia, the challenge is even more complex because many MSMEs operate informally, depend on limited family capital, have limited digital skills which often hampers broader e-commerce adoption (Rahayu & Day, 2015) and face difficulties in meeting product standards, packaging requirements, branding, and

market expansion. Therefore, local governments are expected not only to provide administrative services, but also to build collaborative ecosystems that connect entrepreneurs with financing, technology, markets, and institutional support.

Bone Regency is a relevant case for discussing this issue because it has a large local economic base and a diverse micro-business structure. BPS-Statistics Bone Regency (B.-S. B. Regency, 2025)recorded 28,842 micro businesses in 2024. These businesses were distributed across culinary activities, fashion, automotive activities, and other business fields. The same statistical publication recorded 187 active cooperatives in 2024 and showed that the regional economy was still strongly influenced by agriculture, forestry, and fisheries, which contributed 48.38 percent to the gross regional domestic product. This structure implies that MSME competitiveness in Bone Regency cannot be separated from local resources, agro-based products, community networks, and rural-urban market linkages.

The policy problem is that the needs of MSMEs usually exceed the capacity of a single government agency. Improving competitiveness requires financing schemes, business legality, digital payment systems, product quality improvement, packaging, marketing, certification, logistics, innovation, and sustained mentoring. In this context, the Department of Cooperatives and MSMEs cannot work alone. It needs the support of planning agencies, trade and industry agencies, banks, guarantee institutions, universities, business associations, digital platforms, cooperatives, community organizations, and the media. This interdependence is the main reason why collaborative governance becomes important, shifting the local government's role from a traditional service provider to an orchestrator of collaborative public management (McGuire, 2006).

Collaborative governance is commonly understood as a governing arrangement in which public agencies engage non-state stakeholders in formal, consensus-oriented, and deliberative decision-making to make or implement public policy or manage public programs (Ansell & Gash, 2008). Emerson, Nabatchi, and Balogh (Emerson et al., 2012) further explain that collaboration involves principled engagement, shared motivation, and capacity for joint action. In MSME development, these concepts are useful because business competitiveness is shaped not only by individual entrepreneurial effort but also by the quality of institutional support and the interaction among actors in the local ecosystem.

Recent studies support the relevance of collaboration for local economic development. Haris, Syafriyani, and Alfiyah (Haris et al., 2023) show that collaborative governance can support the development of local economic resources, but the process requires stronger institutional design and facilitative leadership. This is reinforced by evidence from other regions in Indonesia, such as Sleman Regency, which demonstrates that structured collaborative governance is essential for effectively empowering MSMEs (Kurniawan, 2021). Widyarta and Tama (Widyarta & Tama, 2023) also indicate that collaboration between public and private sectors is needed to help MSMEs adapt to digital transformation. Digital transformation studies further show that market reach, operational efficiency, profitability, human resource competence, social capital, marketing performance, innovation capability, and customer relationship management are important factors in improving MSME competitiveness (Merta et al., 2024; Purnomo et al., 2024; Vidyanata et al., 2023).

Bone Regency has shown early signs of collaborative MSME development. In January 2026, the Government of Bone Regency reported a training program on digital finance and competitive packaging that was implemented through collaboration between PT Jamkrindo, the regency government, and the Department of Cooperatives and MSMEs. The same official source stated that the program was intended to improve MSME capacity, competitiveness, financing access, and market reach (G. of B. Regency, 2026a). The local government also reported equipment assistance for 14 MSME recipients to improve production capacity, product quality, and market opportunities (G. of B. Regency, 2026b). These initiatives are important, but the central question is whether they can be connected into a more systematic collaborative governance strategy.

Based on that background, this article asks: how can collaborative governance be applied as a strategy to enhance the competitiveness of local MSMEs in Bone Regency? The objective is to analyze the local MSME context, map relevant actors, identify strategic collaboration areas, and formulate a governance model that can strengthen competitiveness. The article argues that collaborative governance will be effective when it is institutionalized through a clear forum, shared data, facilitative leadership, joint programs, and performance indicators that measure changes in market access, digital adoption, product quality, financing, and business sustainability.

RESEARCH METHODS

This research uses a qualitative descriptive approach. The object of analysis is the application of collaborative governance in strengthening the competitiveness of local MSMEs in Bone Regency. A qualitative approach was selected because the study focuses on interpreting governance processes, actor relations, institutional roles, and strategic policy implications rather than testing causal relationships statistically.

The data were collected through document study. The main documents include Kabupaten Bone Dalam Angka 2025 published by BPS-Statistics Bone Regency, official news and policy information from the Government of Bone Regency, national MSME policy information from government sources, and scientific literature on collaborative governance, local economic development, and MSME competitiveness. The statistical data were used to describe the structure and distribution of micro businesses in Bone Regency, while the literature was used to develop the analytical framework.

The analysis was conducted in three stages. First, the data were reduced by selecting information related to MSME distribution, local economic structure, government support, collaborative initiatives, and competitiveness dimensions. Second, the data were coded thematically using the four dimensions of initial conditions, institutional design, facilitative leadership, and collaborative process. Third, the findings were interpreted to formulate a collaborative governance model for MSME competitiveness in Bone Regency.

The study is limited to secondary data and document analysis. Therefore, the findings should be understood as an analytical article and policy-oriented draft rather than a final field-based evaluation. Future research should add interviews, focus group discussions, and direct observation involving the Department of Cooperatives and MSMEs, MSME actors, cooperative managers, financial institutions, universities, and private partners to validate the model proposed in this article.

RESULTS AND DISCUSSION

Local MSME Profile and Competitiveness Context

The first finding is that Bone Regency has a substantial and spatially concentrated micro-business base. BPS-Statistics Bone Regency (B.-S. B. Regency, 2025) recorded 28,842 micro businesses in 2024. Based on business field, 7,529 units were in culinary activities, 2,778 in fashion, 3,390 in automotive activities, and 15,145 in other fields. Culinary businesses represented 26.1 percent of the total, while other business fields represented 52.5 percent. This indicates that MSME development in Bone Regency is diverse and cannot be addressed with a single program design.

Spatially, micro businesses were concentrated in several subdistricts. Tanete Riattang had 5,368 units, Tanete Riattang Barat had 3,760 units, Tanete Riattang Timur had 3,054 units, Palakka had 2,311 units, and Awangpone had 1,487 units. These five subdistricts accounted for 15,980 micro businesses or approximately 55.4 percent of the total. This concentration suggests that urban and peri-urban areas can become market, mentoring, and logistics hubs, while rural areas need stronger aggregation mechanisms through cooperatives, business groups, and local product clusters.

Table 1. Micro Business Profile in Bone Regency, 2024

Indicator	Number	Interpretation
Total micro businesses	28,842 units	All subdistricts
Culinary businesses	7,529 units	26.1% of total
Fashion businesses	2,778 units	9.6% of total
Automotive businesses	3,390 units	11.8% of total
Other business fields	15,145 units	52.5% of total
Five largest subdistricts	15,980 units	55.4% of total

Source: Processed from BPS-Statistics Bone Regency (2025), Table 9.5.

Stakeholder Roles in Collaborative Governance

The second finding is that collaborative governance is needed because MSME competitiveness is multidimensional. Competitiveness is not only the ability to sell products at lower prices. It includes product quality, innovation, branding, packaging, business legality, access to finance, digital payment capacity, market reach, customer relations, production continuity, and institutional support. Purnomo et al. (Purnomo et al., 2024) show that digital transformation can increase market reach, operational efficiency, and profitability, although it is limited by resources, skills, and data security. Merta et al. (Merta et al., 2024) show that social capital, marketing performance, and human resource competence influence MSME competitiveness. Vidyanata et al. (Vidyanata et al., 2023) add that innovation capability and customer relationship management have a positive and significant effect on MSME competitiveness. This aligns with findings that a well-supported digital ecosystem is vital for upgrading micro-enterprises (Machmud & Dirgantari, 2020) and that structural support is needed to enhance collaborative innovation in the public sector (Sørensen & Torfing, 2011).

These dimensions imply that local government must act as an ecosystem orchestrator. The government has authority to coordinate, regulate, allocate programs, and provide legitimacy. Financial institutions and guarantee agencies can improve access to capital. Universities can provide research, mentoring, training, product innovation, and evaluation. Cooperatives can aggregate production, provide collective bargaining, and help business groups reach more stable markets. Digital platforms and private companies can support marketing, transactions, packaging, and supply-chain integration. Community organizations and the media can strengthen trust, promotion, and public accountability.

Table 2. Actors and Collaborative Contributions for MSME Competitiveness

Actor	Main Contribution	Collaborative Instrument
Local government	Policy direction, coordination, budgeting, data integration	MSME competitiveness forum and shared work plan
Cooperatives and MSME groups	Aggregation, mentoring, collective bargaining, production continuity	Cluster-based mentoring and cooperative market linkage
Banks and guarantee institutions	Credit access, guarantees, financial literacy, risk assessment	KUR/UMi facilitation and credit-readiness clinic
Universities	Research, training, product innovation, evaluation	Community service, incubator, and student-assisted mentoring

Actor	Main Contribution	Collaborative Instrument
Private sector and digital platforms	Market access, packaging, logistics, digital payment, promotion	Digital marketplace onboarding and product catalog program
Community and media	Trust building, local branding, information dissemination	Local product campaigns and public feedback channels

Source: Author analysis based on collaborative governance literature and Bone Regency MSME context.

From Program Collaboration to Institutionalized Collaboration

The third finding is that existing initiatives in Bone Regency already contain collaborative elements. The 2026 training on digital financial literacy and competitive packaging involved PT Jamkrindo and the Government of Bone Regency through the Department of Cooperatives and MSMEs. The program was framed as an effort to improve the capacity and competitiveness of MSME actors, expand financing access, and widen market reach (G. of B. Regency, 2026a). The equipment assistance program for MSME recipients also reflected government commitment to increase productivity, product quality, and market opportunities (G. of B. Regency, 2026b). However, it is important to note that these existing initiatives are currently documented through local government public relations materials. While they indicate an emerging policy direction and an official intent to foster collaborative networks, they do not provide independent performance data. Therefore, these reports reflect the government's stated commitment rather than an empirically evaluated outcome of collaborative success

However, collaborative governance requires more than isolated programs. Ansell and Gash (Ansell & Gash, 2008) explain that collaboration becomes effective when actors are involved in a formal, deliberative, and consensus-oriented process. Emerson et al. (Emerson et al., 2012) emphasize that principled engagement and shared motivation must produce capacity for joint action. This transition requires a deliberate design for cross-sector collaboration (Bryson et al., 2015) and the formal institutionalization of governance networks (Klijn & Koppenjan, 2015). Therefore, Bone Regency needs a permanent collaborative forum that connects data, planning, program implementation, monitoring, and learning. Without institutionalization, collaboration may remain event-based, dependent on individual leaders, and difficult to evaluate.

Strategic Model for Strengthening MSME Competitiveness

The proposed model consists of five strategic stages. The first stage is shared diagnosis. Stakeholders should agree on MSME problems using a common database that records business identity, product type, location, business legality, digital payment use, financing needs, mentoring history, and market access. This step is important because fragmented data often causes overlapping assistance or excludes informal actors that need support the most.

The second stage is institutional design. Bone Regency needs a multi-stakeholder MSME competitiveness forum led by the local government but involving non-state actors as equal contributors. The forum should meet regularly, use written work plans, and define the role of each actor. The Department of Cooperatives and MSMEs can function as the coordinator, while other agencies, financial institutions, universities, cooperatives, and private partners contribute according to their competencies.

The third stage is facilitative leadership. Local leaders should not only launch programs but also facilitate trust, align incentives, and reduce administrative barriers which are critical lessons for public managers operating inside collaborative networks (Agranoff, 2006). Facilitative leadership is crucial because MSME actors often have unequal capacity compared with banks, government agencies, or private companies. Leadership should ensure that micro entrepreneurs have access to information, mentoring, and decision-making spaces, not merely become passive recipients of assistance.

The fourth stage is joint program implementation. Collaborative programs should focus on the main competitiveness bottlenecks: legality and certification, packaging and product quality, digital financial literacy, digital marketing, access to financing, cooperative-based aggregation, local branding, and market linkages. These programs should be bundled. For example, packaging training should be connected to product photography, digital catalog development, business legality, access to financing, and participation in local or national marketplaces.

The fifth stage is monitoring, evaluation, and adaptive learning. The collaborative forum should measure the outputs and outcomes of programs. Output indicators include the number of MSMEs trained, legalized, financed, certified, or connected to digital payment systems. Outcome indicators include sales growth, market expansion, repeat purchases, product diversification, improved packaging, increased financing realization, and survival of assisted businesses. Evaluation should be conducted jointly to avoid a reporting culture that focuses only on activity completion.

Table 3. Collaborative Governance Strategy for MSME Competitiveness in Bone Regency

Dimension	Main Problem	Collaborative Intervention	Suggested Indicator
Shared data	Fragmented MSME information	Integrated MSME database by product, location, legality, finance, and digital status	Completeness and updating of MSME profiles
Institutional forum	Sectoral and event-based programs	Permanent multi-stakeholder forum with clear roles and schedule	Number of joint plans and cross-sector programs
Capacity building	Limited skills, packaging, and digital literacy	Bundled training on finance, packaging, digital marketing, legality, and quality	MSMEs trained, certified, digitized, and mentored
Market linkage	Limited access to wider markets	Cooperative aggregation, product catalog, digital marketplace, exhibitions, buyer meetings	Sales growth, repeat orders, new markets
Adaptive evaluation	Reporting focused on activities	Joint monitoring and learning using output and outcome indicators	Business survival, financing realization, and competitiveness improvement

Source: Author analysis based on Ansell and Gash (2008), Emerson et al. (2012), and MSME competitiveness literature.

CONCLUSSION

Collaborative governance can become a strategic approach to strengthen the competitiveness of local MSMEs in Bone Regency. The large number of micro businesses, the concentration of business activities in several subdistricts, the presence of active cooperatives, and the dominance of agriculture-based regional economic resources provide an important foundation for local MSME development. However, competitiveness cannot be achieved through sectoral programs alone. It requires a governance arrangement that connects public authority, private resources, community participation, financial access, academic knowledge, and digital platforms.

The article concludes that Bone Regency needs to move from episodic collaboration toward institutionalized collaboration. This can be done through an integrated MSME database, a permanent multi-stakeholder forum, facilitative leadership, bundled competitiveness programs, and performance indicators. The collaborative strategy should focus on digital finance, packaging, product quality, market linkage, cooperative aggregation, business legality, and innovation. These

areas are directly related to the barriers faced by MSMEs and are aligned with the roles of different stakeholders.

For policy practice, the Government of Bone Regency should strengthen the Department of Cooperatives and MSMEs as an ecosystem coordinator, not merely as a program implementer. For future research, fieldwork is needed to examine the perceptions of MSME actors, the effectiveness of existing programs, and the quality of coordination among stakeholders. A field-based study would provide stronger empirical evidence on whether collaborative governance has improved sales, productivity, market reach, and business sustainability among local MSMEs in Bone Regency.

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